



**NAVAL
POSTGRADUATE
SCHOOL**

MONTEREY, CALIFORNIA

THESIS

**CHINA'S INFLUENCE ON U.S.-LATIN AMERICAN
RELATIONS**

by

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March 2017

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REPORT DOCUMENTATION PAGE			<i>Form Approved OMB No. 0704-0188</i>
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington, DC 20503.			
1. AGENCY USE ONLY (Leave blank)	2. REPORT DATE March 2017	3. REPORT TYPE AND DATES COVERED Master's thesis	
4. TITLE AND SUBTITLE CHINA'S INFLUENCE ON U.S.-LATIN AMERICAN RELATIONS		5. FUNDING NUMBERS	
6. AUTHOR(S) Phillip D. Martin			
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey, CA 93943-5000		8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING /MONITORING AGENCY NAME(S) AND ADDRESS(ES) N/A		10. SPONSORING / MONITORING AGENCY REPORT NUMBER	
11. SUPPLEMENTARY NOTES The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government. IRB number <u>N/A</u> .			
12a. DISTRIBUTION / AVAILABILITY STATEMENT Approved for public release. Distribution is unlimited.		12b. DISTRIBUTION CODE	
13. ABSTRACT (maximum 200 words) This thesis will discuss how China's involvement in Latin America influences the relationship between the United States and Latin America. This argument is constructed based on a before-and-after relationship between the United States and two Latin American countries, Mexico and Brazil, to determine how Chinese interest in these respective countries altered United States influence. This thesis demonstrates how both U.S. prior relations and Chinese involvement in Latin America determines whether U.S. influence is susceptible to outsider attempts to erode this influence. Through historical institutionalism, this paper determined that if there is a strong historical relationship between the United States and a Latin American country, it is unlikely that China's increased presence will degrade U.S. influence. This argument is concluded with closing thoughts and policy recommendation aimed at ensuring U.S. influence in Latin America remains strong and insulated from potential degradation.			
14. SUBJECT TERMS United States, China, Latin America, influence			15. NUMBER OF PAGES 113
16. PRICE CODE			
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT UU

NSN 7540-01-280-5500

Standard Form 298 (Rev. 2-89)
Prescribed by ANSI Std. Z39-18

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CHINA'S INFLUENCE ON U.S.-LATIN AMERICAN RELATIONS

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Submitted in partial fulfillment of the
requirements for the degree of

**MASTER OF ARTS IN SECURITY STUDIES
(WESTERN HEMISPHERE)**

from the

**NAVAL POSTGRADUATE SCHOOL
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ABSTRACT

This thesis will discuss how China's involvement in Latin America influences the relationship between the United States and Latin America. This argument is constructed based on a before-and-after relationship between the United States and two Latin American countries, Mexico and Brazil, to determine how Chinese interest in these respective countries altered United States influence. This thesis demonstrates how both U.S. prior relations and Chinese involvement in Latin America determines whether U.S. influence is susceptible to outsider attempts to erode this influence. Through historical institutionalism, this paper determined that if there is a strong historical relationship between the United States and a Latin American country, it is unlikely that China's increased presence will degrade U.S. influence. This argument is concluded with closing thoughts and policy recommendation aimed at ensuring U.S. influence in Latin America remains strong and insulated from potential degradation.

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LIST OF ACRONYMS AND ABBREVIATIONS

APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
FDI	Foreign Direct Investment
ISI	Import Substitution Industrialization
MERCOSUR	Sub-regional Western Hemispheric Bloc
NAFTA	North Atlantic Free Trade Agreement
NATO	North Atlantic Treaty Organization
OAS	Organization of American States
RIMPAC	The Rim of the Pacific Exercise
UN	United Nations
UNGA	United Nations General Assembly
UNITAS	Latin word, <i>Unity</i> , Military Exercise
UNSC	United Nations Security Council
WTO	World Trade Organization

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ACKNOWLEDGMENTS

I would like to thank Christopher K. D. Fletcher, Dr. Diego Esparza, and my parents. My parents for helping me focus, Dr. Esparza for helping to keep me disciplined, and Mr. Fletcher for letting me talk through my ideas. I needed all of you to get this over the line.

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I. CHINA'S INFLUENCE ON U.S.-LATIN AMERICA RELATIONS

A. INTRODUCTION

Whether through American policies of Manifest Destiny, the Roosevelt Corollary, or the Alliance for Progress, the history of U.S. influence in Latin America is both enduring and dominant in nearly all of the Western Hemisphere. But as the 21st century matures, China turns its attention to many countries in Latin America. China is increasingly selling considerable military arms to Venezuela, Peru, and Chile while the country is projected to become the most important trading partner for the majority of Latin America by the year 2024.¹ While U.S. investments in the region as a whole are declining, China is pumping as much as 70% more money to Latin America over the next decade.² Is there a new challenge to U.S. influence primacy in the region?

In a testimony to the Senate Armed Services Committee, Admiral Kurt Tidd testified that “China seeks to forge security relationships as part of its strategy to increase its influence in the region [Latin America].”³ But does China’s strategy threaten the United States or not? Is China’s rise indeed peaceful and is the United States overreacting from its perspective? When China sends its warships to shadow the United States in international waters during multilateral exercises, should the United States worry? In many respects China is displaying the traditional behavior of the revisionist power to the status quo established power—the United States.⁴ Conversely, some scholars argue that

¹ Patrick Gillespie, “China’s Big Chess Move Against the U.S.: Latin America,” CNN Money, March 2015, <http://money.cnn.com/2015/03/04/news/economy/china-latin-america-relations-united-states/index.html>; Michael Fumento, “As The U.S. Sleeps, China Conquers Latin America,” Forbes, October 15, 2014, <https://www.forbes.com/sites/realspin/2014/10/15/as-the-u-s-sleeps-china-conquers-latin-america/#2d6764392f9c>.

² Ibid.

³ United States Senate, Committee on Armed Services, *Posture Statement of Admiral Kurt Tidd, Commander, United States Southern Command, United States Senate*, 114th Cong. (Washington, DC: GPO, 2016).

⁴ Zeyu Peng, “Rise of China: The Debate and Theoretical Analysis” (master’s thesis, Columbia University, 2015), 8.; Barry Buzan, “China in International Society: Is ‘Peaceful Rise’ Possible,” *The Chinese Journal of International Politics* 3, no. 5 (2010), 6–7.

the United States should allow China to fully integrate into the international community and this will help avoid future conflict.⁵

Within this debate, there is an empirical question: how does China's involvement in Latin America affect the region's relations with the United States? This thesis focuses on investigating the potential changes to economic, political, and military agreements between China and Latin America over the past 30 years and if those potential changes also alter the relationship between Latin America and the United States along each of these dimensions.

In this thesis, I will outline how and whether China poses a potential risk and/or security challenge to the waters closest to the United States through regional influence. After establishing the research question in this paper, I will discuss the significance of exploring the effect of China's presence and concentrated influence in the Western Hemisphere to the United States. I then outline several prominent theoretical perspectives and discuss how scholars from these schools of thought would answer my question. After this literature review and potential explanations section, I outline my planned research design for this thesis and finally discuss the basic outline of this research paper.

B. CHINESE FOREIGN POLICY AND LATIN AMERICA

There is no doubt China's presence in Latin America is increasing. Since the 1990s, China's trade with the region grew significantly, representing \$112 billion by 2013.⁶ With its admittance into the World Trade Organization in 2001, China's involvement in the region exploded especially economically. By 2014, Chinese financial investments, over \$20 billion, represented more than the World Bank and the Inter-American Development Bank to the region.⁷ The real question is why has China increased its involvement in Latin America? This thesis assesses China's main involvement in Latin America is for commercial purposes, but as those purposes expand,

⁵ Christopher Layne, "China's Challenge to U.S. Hegemony," *Current History* (2008), 14.

⁶ Rebecca Ray and Kevin Gallagher, *China-Latin America Economic Bulletin 2015 Edition*, Discussion Paper, Global Economic Governance Initiative, September 2015, <https://www.bu.edu/pardeeschool/files/2015/02/Economic-Bulletin-2015.pdf>.

⁷ Ibid.

they increasingly include a heavier role in military and political realms. By first illustrating the increasingly deep economic involvement of China in Latin America, then describing the developing military relations and finally China's political investments in Latin America, it will become clear China's involvement in Latin America is based on its increasing desire for raw materials with a cautious eye towards the United States.

China economic involvement in Latin America is the most substantial and dynamic area of involvement in the region. Trade between China and Latin countries increased 22-fold from 2000 to 2013.⁸ The countries benefiting most from this increased engagement were Venezuela, Mexico, Brazil, Nicaragua, Cuba, Argentina, and Chile. This increased involvement is essential because of their vast supply of raw resources that a growing mature economy like China desires insatiably.⁹ The more complex and advanced China's economy becomes, the more such it needs a steady supply of raw materials for advanced manufacturing products and research, which helps continue driving the economy. In China's case, it needs raw materials in a ravenous way, with the world's largest population and government's legitimacy tied to its growth.¹⁰ Latin America benefits from Chinese attention because Chinese investments bring economic prosperity through commodity booms. Countries like Brazil lead the way, accounting for nearly 40% of Latin American economic trade with China.¹¹ While China-Latin America economic ties bring both sides gains, there is no parity here on which side is more dependent on the other. While China is the most important trading partner for most of the region, those same countries are not in the top 15 trading partners for China.¹² As America increasingly invests in what China considers its sphere of

⁸ Cary Huang, "Why China is Cosying Up to Latin America," *This Week in Asia*, December 11, 2016, <http://www.scmp.com/week-asia/opinion/article/2053391/why-china-cosying-latin-america>.

⁹ Shaheli Das, "How Important Is Latin America on China's Foreign Policy Agenda?: Putting Xi Jinping's Upcoming Visit in Context," *The Diplomat*, November 16, 2016, <http://thediplomat.com/2016/11/how-important-is-latin-america-on-chinas-foreign-policy-agenda/>.

¹⁰ Susan L. Shirk, *China Fragile Superpower: How China's Internal Politics Could Derail its Peaceful Rise* (Oxford: Oxford University Press, 2007) , 257.

¹¹ David Shambaugh and Dawn Murphy, "U.S. China Interactions in the Middle East, Africa, Europe, and Latin America," in *Tangled Titans*, ed. David Shambaugh (Lanham: Rowman & Littlefield Publishers, 2013), 336.

¹² Ibid.

influence in the East and South East China Sea countries, so, too, does China turn its attention to what America considers its “backyard”: Latin America.

China’s military foreign policy in Latin America is underwhelming at best. The total region receives less than \$1 billion in military aid from China, but evidence suggests this may grow in the future.¹³ High-level visits between China and Latin American defense leaders have occurred frequently since 2001. Similar to the economic lopsidedness between China and the region, Latin American officials visit China more frequently than Chinese military officials visit Latin America.¹⁴ U.S. officials worry this elementary military cooperation and exchange may one day translate to robust military sales between China and Latin America and more meaningful military-to-military visits. Regardless, China’s tepid military investment in Latin America, while meaningful for its own right, still represents a cautious deference toward dancing around U.S. influence in the region.¹⁵ Heavy-handed actions such as frequent and robust military exercises between the China and the region would worry the United States. If China increased military sales to Brazil or Venezuela, regional competitors against U.S. hegemony, this would worry the United States. Thus, China’s involvement remaining rudimentary in Latin America toes an important line between growing closer to Latin countries militarily, while still showing trepidation at explicitly increasing U.S. fears militarily in the region.

China’s calculating foreign policy military also translates politically in Latin America. In much the same way China carefully uses military relations with Latin countries to supplement their economic relationships, China also uses their political ties to improve relations with countries where it seeks or possesses strong commercial ties. Nothing to explicitly shock the United States, but a methodical, steady increase of positive political interactions with much of the region and their institutions. In 2004, China earned observer status within the Organization of American States (OAS), and in 2008, China became a member of the Inter-American Development Bank; both

¹³ Shambaugh and Murphy, “U.S. China Interactions,” 335.

¹⁴ Ibid., 333.

¹⁵ Ibid.

institutions represent intraregional institutions where Latin American political influence is exercised in the hemisphere.¹⁶ The status of China's membership is less important than its increased political involvement in the region, which shows interest and a form of respect for Latin American political institutions. China is also a full member in the Asian-Pacific Economic Cooperation (APEC) forum and regularly works with MERCOSUR, which further illustrates China's level of political investment in the region.¹⁷ While America's relationship with many of the regional institutions is hot and cold, China's interaction with them seems to be rooted in advancing their commercial interests with Latin America. In that way, China's political relationship with the region is less a domineering relationship and more of a "South-South" based relationship where China and the region cooperate as partners.¹⁸ While this style of political relationship is not explicitly focused to challenge the United States, this thesis will explore whether U.S. influence is challenged by Chinese foreign policy regardless of their intentions.

C. THESIS

This paper will discuss the dynamics of U.S. influence in Latin America and why the historical relationship with countries in the region matters for whether Chinese influence can offset America influence. This paper argues that historical institutionalism's concept of path dependency best explains why once the United States and a country in Latin America set up various strong informal and formal institutions together; these interactions make it extremely difficult for outsiders to degrade the status quo relationship.¹⁹ The relationships formed by the history or the series of small and big interactions codified over time make it more costly for countries to break away from their course of action once started. Breaking away from such an established relationship becomes harder over time and, eventually, more costly, which serves to narrow the

¹⁶ Shambaugh and Murphy, "U.S. China Interactions," 334.

¹⁷ Ibid., 334.

¹⁸ Ministry of Foreign Affairs of the People's Republic of China, *China's Policy Paper on Latin America and the Caribbean*, November 24, 2016, http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1418254.shtml.

¹⁹ James Kominek, "Linking Institutionalism and Path Dependency: Each Institutionalization Is a Self Reinforcing Process Increasing Path Dependency" (working paper, University of Hamburg), <https://www.clisec.uni-hamburg.de/en/pdf/working-paper-clisec-4.pdf>.

choices available between the two countries to break away from each other without some external force incentive.

Conversely, where strong bilateral institutions do not exist and an outsider heavily invests in a country where their U.S. relationship is far less solid there is great potential for degraded U.S. influence. When an outsider is able to take advantage of such a weak point in U.S. relations, I describe this as a “critical juncture” because the U.S. has the greatest potential to lose influence at these moments in time.²⁰ This moment is ripe for influence loss because at critical juncture moments, there is a higher chance for a change in the direction otherwise made path dependent by the continuous and small decisions building up to that event. Countries are less constrained by the narrowing choices derived from the nature of their historical relationship and a shift from the previously laid path is easier to make at this moment.

Critical junctures represent the best opportunity for third parties to disrupt the equilibrium established by the relationship between two countries.²¹ Without some exogenous force to give rise to these critical junctures or to punctuate the equilibrium, relations between the two countries will continue along the same path set by the history of their interactions. In this way, “history matters” because the state of the relationship between two countries when an outside influence is introduced will determine how well that outsider can alter the influence-relationship between the first two countries.²² This, I contend, can be seen specifically in three realms of foreign policy: economics, military relations, and political activities. By showing how historic institutions in the economy, the military, and then the political arena build a strong path dependent relationship, this paper will illustrate how United States influence is insulated from increased outsider presence in the region.

²⁰ Giovanni Capoccia and R. Daniel Kelemen, “The Study of Critical Junctures: Theory, Narrative, and Counterfactuals in Historical Institutionalism,” *Rutgers University*, http://fas-polisci.rutgers.edu/dkelemen/research/Capoccia-Kelemen_CriticalJunctures.pdf.

²¹ Giovanni Capoccia, “Critical Junctures and Institutional Change,” in *Advances in Comparative Historical Analysis in the Social Sciences*, ed. J. Mahoney and K. Thelen (Cambridge, Cambridge University Press), 5.

²² Kominek, “Linking Institutionalism and Path Dependency,” 6.

Historical economic links between two countries form an important foundation for whether or not a strong institutional relationship existed in the first place and then how, after outsider influence, that relationship is interrupted by that third party. Having one without the other is not enough to stem off a loss of influence. As both economies get closer and closer, their relationship is continually buttressed by their institutions and previous choices creating a “lock-in” affect.²³ The United States and Latin America linked their paths, respectively, through several economic institutions over the past. The United States maintains free-trade relationships with a majority of Latin America in their history. The Washington Consensus was a regular dogma preached by U.S. envoys to their Latin American counterparts. This brand of neoliberalism took root in some countries while others turned their backs on the low tariffs that neoliberalism preached. Most countries that turned away from the U.S. prescribed free-trade leaning policies instead used an alternate view of economic development called import industrialization substitution (ISI). Where free trade encourages the lowering of taxes on imports and easier access for foreign companies, ISI encourages higher tariffs on foreign goods in order to promote domestic products. This not only failed miserably, it represented a divergence from closer relationships with the U.S. economically. The sooner a country turned away from ISI, the sooner a country embraced stronger bilateral economic ties with the United States. This effect makes it increasing difficult not only for the countries to alter their course of continued integration, but also makes it difficult for others to change the balance of influence between them. Number one trading partner status is an important informal institution that helps show heavy economic influence. It becomes too costly for countries to select policies potentially harmful to their economic interests.

The military arena is often directly affected by the increased economic realm. In this area, path dependency is strong when there are not only bilateral military meetings, but strong arms sales and frequent military exercises between the countries being discussed. U.S.-Latin American history in military cooperation is explained by a pendulum like oscillation regarding cooperation. Early on there was strain after U.S. and

²³ S. J. Liebowitz and Stephan Margolis, “Path Dependence, Lock-In, and History,” *University of Texas Dallas*, <https://www.utdallas.edu/~liebowit/paths.html>.

Latin American independence movements, then global cooperation in the face of World War II, then strain again until present day. The U.S. used its military to conquer territory from its neighbors during early years of unchecked expansion as in its wars with Mexico and also occupied cities and provinces to protect its perceived interests as in Argentina and Panama. More cooperatively, this armed engagement history is combined with more recent examples of military to military sales, exercises, and high level meetings that build on the historical relationship the U.S. maintains with Latin America. These engagements culminate to yet another phase of U.S.-Latin American path dependency where their past, while at times rocky, helps develop a relationship with the United States military keeps the countries close together and resistant to change. As more military interactions take place, they show that both countries' militaries see it as beneficial to learn from each other and to keep their economic relationship aligned. Thus, a change in U.S. influence in this area under these circumstances does not occur when the aforementioned institutional engagements are robust.

The political realm is on the surface easier to discern when a strong "lock-in" affect is in place.²⁴ When leaders speak highly of each other and make efforts to display closeness, this is a consequence of closer relations brought on by a closer institutional foundation. Political speeches and trips have lasting impacts on relationships and influence in the same way military exercises or economic trade pacts. Traditionally, the U.S.-Latin American political relations operated in the same dual realities that the military and economic realms operated under. There are some Latin American countries which work closely with the U.S. politically, and other nations that are directly opposed to U.S. influence. Cuba is a great example of this dual approach regarding United States influence. Before the Communist Revolution and the Castro Regime, Cuba was a close ally of the United States as a territorial holdover after the Spanish American War. But Cuba's revolution, a critical juncture in U.S. Cuban relations, shaped the nature of U.S. influence in the country up until today. Venezuela also exhibited what happens when a once heavily linked country in a path dependent relationship of historical institutionalism

²⁴ Paul David, "Path Dependence – A Foundational Concept For Historical Social Science," *Stanford University and Oxford University* (2006), <http://www-siepr.stanford.edu/workp/swp06005.pdf>, 17.

with the United States experiences an equilibrium shift that allows the historically positive relationship to change to an adversarial one. When Hugo Chavez was elected in 1999, this represented an opportunity for a substantial shift away from normal and cordial U.S.-Venezuela relations up to that point. Previous right-leaning Venezuelan governments coordinated well with their U.S. counterparts, but Chavez's election represented a marked shift of U.S. influence there. As in the U.S.-Venezuela example, the foundation of their relationship is dependent on the history of choices made by the two nations together.²⁵ Thus, political relations continue to be unimpeded because the cost of embarrassing a country which one relies on through institutional setups is too high to betray on the world stage.

In Latin America, many nations have a history with the United States that serves to isolate U.S. influence from falling to the side due to a new attractive friend. The influence resistance is made of continuous interactions and institution building and, thus, U.S.'s position as the regional leader is very tough to challenge. Thus, the introduction of China to Western Hemispheric markets depends not only on China, but most significantly the story of the relationship between countries with the United States before China's arrival. This story and the choices the U.S. and the other Latin American country make together help determine the efficiency of Chinese presence there.

In this thesis, I make the case that institutionalism can help us understand how the United States' influence is affected by the increased presence of China in Latin America. In the first case study, Mexico, I will demonstrate the results of increased Chinese involvement where prior U.S.-Mexico relations are positive and cooperative. In this case, China's ability to pry Mexico from the U.S. primacy is limited. The U.S. and Mexico share an extensive border and a mixed history that developed into a close partnership bounded by important economic institutions such as NAFTA, increasing military cooperation, and improving political ties. The history here of both formal and informal institutions forms a tough layer of resistance where the decrease of United States

²⁵ Brian Palmer, "Why did Hugo Chavez Hate the U.S. So Much?," *Slate*, March 6, 2013, http://www.slate.com/articles/news_and_politics/explainer/2013/03/hugo_chavez_dies_why_did_the_venezuelan_leader_hate_the_united_states_so.html.

influence by an outside major power is difficult because of the path laid by the historical interactions of the countries and the institutions they share.

However, in Brazil's case, where U.S.-Brazil relations are cordial, but not positive and deep like U.S.-Mexico relations, China's ability to erode United States influence is more pronounced. China becomes Brazil's largest trading partner, starts increasing military coordination, and aligns more closely with Brazilian interests politically. U.S.-Brazil interactions do not provide insulation from Chinese heavy investments in the Brazilian economy. Under these circumstances, United States influence in Brazil erodes more easily because without a deep history of institutional interaction, China's importance is more apparent in Brazil even though not still perfect and without tension.

D. LITERATURE REVIEW

There are four bodies of international relations scholarship that speak to this question: 1) power transition theorists, 2) liberal interdependence theorists, 3) economic dependency theorists, and 4) constructivists. While each of these groups of scholars provide different frameworks for analyzing China's involvement in Latin America, and how this may impact relations with the United States, each share the common interest in understanding how the increased profile of China in the region threatens the status quo of U.S.-Latin American relations. This literature review begins with the power transition school, then liberal interdependence thought, moves on to the dependency school, and finally discusses a constructivist approach to this question.

1. Power Transition Theory and the Chinese Specter

The first argument that scholars use to discuss the changing relations between Latin America and the United States due to Chinese involvement in the region stems from the structure of the world order and nature of the relationship between the United States and Latin America.²⁶ Before China's recent interest in the region, the United States was the largest trading partner to the majority of Latin America and through

²⁶ Anthony Peter Spankos and Joseph Marques, "Brazil's Rise as a Middle Power: The Chinese Contribution," in *Middle Powers and the Rise of China*, ed. Gilley, O'Neil, Bruce, Andrew (Washington: Georgetown University Press, 2014), 216, 220.

several multinational institutions, it interacted with Latin America as a hegemonic regional and global power.²⁷ However, within Latin America, countries such as Brazil and Mexico are considered middle powers which come with specific expectations regarding how middle powers balance towards and against regional hegemonic powers.²⁸ For example, Arturo Sotomayor argues that a comparative look at specific countries of interest already in the middle power status helps shed better light on what actions a middle power will take as it rises.²⁹ As China spurs economic and military closeness with Latin America, a country's relations with America depends on the prior relationship with the United States. For example, previously negative or abandoned Latin American countries may tend to view outside investment and attention from China as an opportunity to further distance them from the United States.

Furthermore, several scholars make the case that China's soft power in Latin America poses a direct challenge to the United States.³⁰ This remains squarely inside the power transition theory of discussion because the idea still represents a challenge of one smaller power, China, to the existing order guaranteed by the hegemonic power, the United States, in Latin America under the idea that power even through influence is a threat to United States established order.³¹ Describing China as a revisionist and rising middle power seeking to alter the established hegemonic world order, scholars argue the United States should expect Chinese influence will attempt to alter relationships with nations under strained relations with the United States through increased use of soft power.³² This of course, under the power transition guise, may cause the United States to

²⁷ Spankos and Marques, "Brazil's Rise as a Middle Power," 220.

²⁸ James Manicom and Jeffrey Reeves, "Locating Middle Powers in International Relations and Power Transitions," in *Middle Powers and the Rise of China*, ed. Gilley, O'Neil, Bruce, Andrew (Washington: Georgetown University Press, 2014), 24–25.

²⁹ Arturo Sotomayor Velazquez, "Latin America's Middle Powers in the United Nations: Brazil and Mexico in Comparative Perspective," *CIDE.EDU* (2006): 3.

³⁰ Joshua Kurlantzick, "China's Charm: Implications of Chinese Soft Power," *Carnegie Endowment for International Peace* (2006): 2.

³¹ Kenneth Waltz, *Theory of International Politics* (New York: McGraw-Hill, 1979), 16.

³² Ibid., 16.

then balance against a perceived advance by China, even in soft power terms.³³ There is a slight variation as to how the authors describe the extent of soft power, but they all agree the continued unanswered application of this soft power in the world, but especially in Latin America, will result in the decline of United States influence in the region.³⁴

Scholars who subscribe to power transition theory argue that United States dominance in Latin American is already impacted negatively and will continue in this manner in the region through a coupling of China's rise and increased interest and the United States' relative neglect of the region. China's rise represents a challenge to the status quo in the region where formally the United States was the most important external actor to Latin American countries in almost all aspects.³⁵ Whether it is economic, political, or military relations, the United States dominated the Western Hemisphere in the same manner it dominated much of the globe. China, as a revisionist power, represents an enticing new alternative to that of United States dominance in the region. This section has discussed the realist based power transition theory. The next section will look at the liberal school of thought and theoretical arguments that spring from it.

2. China's Influence through Liberalism's Lens

An alternative to the dire predictions of power transition theory is the liberal theory approach focusing on commercial liberalism and complex interdependence. Under commercial liberalism, scholars predict that closer economic ties between countries promote peace by making conflict more difficult to wage.³⁶ The idea here is that as economic ties between countries increase, individuals who make up the society in the involved countries rely more on the services provided by increased economic relations

³³ David Cooper and Toshi Yoshihara, "US Responses to Middle Powers and China," in *Middle Powers and the Rise of China*, ed. Gilley, O'Neil, Bruce, Andrew (Washington: Georgetown University Press, 2014), 5.

³⁴ James H. Hoey, "The Global Reach of China's Soft Power."

³⁵ Francisco De Santibañe, "An End to U.S. Hegemony? The Strategic Implications of China's Growing Presence in Latin America." *Comparative Strategy* 28, no. 1 (2009).

³⁶ Andrew Moravcsik, *Liberalism and International Relations Theory* (Cambridge: Harvard University, 2002), 13.

between the countries.³⁷ War is on the far end of the conflict spectrum, but tension, is a term generalizing the spectrum of conflict. Added tension creates added risk to the bounties enjoyed under increased economic ties and thus fewer chances for tension.³⁸ One author notes, “the greater the economic benefits for powerful private actors, the greater their incentive, *ceteris paribus*, to press governments to facilitate such transactions.”³⁹ Therefore, through commercial liberalism inside international liberal theory, one expects to see the relationship between China and Latin America not necessarily impact relations between the United States and Latin America negatively, but potentially positively. Scholars argue that China’s increased integration with the world produces markedly positive results.⁴⁰ Commercial liberalism instead argues where impediments to trade and interaction come in the threat of tension or “opposition” rises.⁴¹

Under a similar vein, complex interdependence argues, generally, the closer countries become the more they rely on each other and thus tension is less likely to arise.⁴² Through this principle, similar to commercial liberalism, scholars make a strong contrast between traditional realist analysis and complex interdependence from a security and hegemonic sense.⁴³ Scholars explain that as countries become more pluralistic they will see the threat of destruction by force as less likely. The more linked countries are the more consequences conflict and tension bring.⁴⁴ This notion then changes the institutional result when countries link together to depend on one another. States with strong militaries no longer dominate the multinational institutions as much because their militaries mean less. Under this idea, their militaries are devalued due to the decreased

³⁷ Moravcsik, *Liberalism and International Relations Theory*, 13.

³⁸ Ibid.

³⁹ Andrew Moravcsik, *Liberalism and International Relations Theory*, 13.

⁴⁰ Christopher Findlay and Andrew Watson, “Economic growth and trade dependency in China,” in *China Rising: Nationalism and interdependence*, ed. Goodman, David and Segal, Gerald (New York: Routledge), 107–133.

⁴¹ Ibid.

⁴² Robert Keohane and Joseph Nye, *Power and Interdependence* (New York: Longman, 2001), 26.

⁴³ Ibid.

⁴⁴ Waheeda Rana, “Theory of Complex Interdependence: A Comparative Analysis of Realist and Neoliberal Thoughts,” *International Journal of Business and Social Science* 6, no. 2 (2015), 2.

perception of threat of war.⁴⁵ Therefore, China becoming more involved with Latin America poses no threat to United States influence in and of itself. China's presence in Latin America should instead promote greater peace in the region as China seeks further integration into Latin American affairs and thus greater interconnectedness.

A third strain of liberalism suggests domestic politics is a key element to analyze when assessing foreign policy decisions between countries. Instead of viewing China as an actor taking steps against the United States for revisionist purposes aiming to unseat the United States, one instead must look at decisions based on domestic political calculations.⁴⁶ James Fearon argues domestic politics are important factors to consider for international actions in two circumstances: when states “pursue suboptimal foreign policies, or ... when differences in states’ political institutions, cultures, economic structures, or leadership goals unrelated to relative power are causally relevant to explaining different foreign policy choices.”⁴⁷ This lends further credence to the idea that China’s actions do not necessarily represent strategic goals focused on a challenge to the United States. China may focus its actions internationally to placate party politics at home. When China decided to pursue more regional integration with some ASEAN member states, the motivation here was domestic economic based, not necessarily regionally strategic.⁴⁸ One author specifically describes many of China’s actions domestically as a means to open its economy to the international community.⁴⁹ The domestic politics strain of liberalism requires viewing China’s actions less as an implicit part of a greater plan to unseat United States hegemony, but potentially as merely an unintended outcome of a domestic political decision impacting foreign policy.

⁴⁵ Waheeda Rana, “Theory of Complex Interdependence,” 2.

⁴⁶ James Fearon, “Domestic Politics, Foreign Policy, and Theories of International Relations,” *Annual Review Political Science* (1998).

⁴⁷ Fearon, “Domestic Politics,” 14.

⁴⁸ Alastair Iain Johnston, “Is China a Status Quo Power?,” *International Security* 27, no. 4 (2007), 5–56.

⁴⁹ Jeffrey W. Legro, “What China Will Want: The Future Intentions of a Rising Power,” *Perspectives on Politics* 5, no. 3 (2007), 505–534.

3. Reforming or Retaining Dependency?

Dependency theory provides a different lens to assess the influence of China on U.S.-Latin American relations and has its origins in critical Marxism. It asserts that an asymmetrical economic relationship between two parties, especially on different levels of production, may result in costly consequences for the country or region at the negative end of the asymmetrical relationship.⁵⁰ Here the authors use the financial investments, foreign direct investments, and non-lethal and military aide contributions made by China to Latin America to argue the relationship between the two are potentially dangerous for Latin America and certainly significant to the United States.⁵¹ Through an over-dependence on Chinese goods exported to Latin America, increased trade is altering the domestic markets of Latin American economies and making it increasingly difficult for some South American economies to compete in a similar way with China.⁵² This creates a mercantilist relationship between China and Latin American countries that primarily export raw commodities to China and import manufactured higher-level-of-production goods and thus transforms the economy of Latin American countries involved.⁵³ The authors argue this heavy over-reliance can be used to help place a dependence-based wedge between the United States and Latin America. Scholars further argue that because of the close links between China's actions and their strategic goals there is a possibility this occurrence will dampen American influence as China can make demands based on the dependency of the Latin America countries involved regarding strategic policy changes and goals.⁵⁴ If this were to happen, you would see China using their economic

⁵⁰ Jaime Ortiz, "Déjà vu: Latin America and its New Trade Dependency... This Time with China," *Latin American Research Review* 47 (2012).

⁵¹ Jaime Ortiz, "Déjà vu," 176.

⁵² Jaime Ortiz, "Déjà vu," 176.

⁵³ Jorn Dosch and David Goodman, "China and Latin America: Complimentary, Competition, and Globalization," *Journal of Current Chinese Affairs* 41 (2012): 14.

⁵⁴ Stephen Johnson, "Balancing China's Growing Influence In Latin America," *Backgrounder* (2005): <http://www.heritage.org/research/reports/2005/10/balancing-chinas-growing-influence-in-latin-america>; James H. Hoey, "The Global Reach of China's Soft Power," 6; Francisco De Santibañe, "An End to U.S. Hegemony? The Strategic Implications of China's Growing Presence in Latin America." *Comparative Strategy* 28, no. 1 (2009).

influence to gain access to multilateral institutions that protect their investments in the Latin America for example.

Another perspective still inside the dependency theoretical approach asserts Latin America is shifting towards Chinese investments and assistance because of an already existent dependency on America aid and influence, not necessarily realizing a new dependency is shaping with China.⁵⁵ This addresses an area not already covered by the transition discussion because it involves countries balancing against the United States and not necessarily realizing they are entering a new dependency relationship with China. As one author notes, in organizations such as the Organization of American States (OAS), a typically United States-dominated multinational institution between Latin America and the United States, anti-hegemonic forces increasingly gather to counter the influence and dominance of the United States.⁵⁶ China is a further lifeline in an attempt to loosen the North American grip on much of Latin America in this alternative dependency theory. The result for Latin America remains a neocolonial relationship with whoever the more powerful economic power is, but for the United States, it loses its role as the benefactor of the dependency based relationship.

Dependency theorists contend that China affects the relationship between the United States and Latin America by forcing a subtle shift in economic and financial dependency across the Pacific. By making Latin American countries so heavily dependent on Chinese commerce and manufacturing goods, this binds the hands of many countries that eventually do not have a realistic chance of moving away from Chinese interests for fear of damaging economic ties with China.⁵⁷ Increased dependency on China, through a new mercantilist standpoint, makes the region so heavily dependent on Chinese goods, commerce, and development, that it brings Latin America ever closer to

⁵⁵ Andrew Cooper, “Renewing Latin America,” in *Which Way Latin America?: Hemispheric Politics Meets Globalization*, eds. Andrew Cooper Jorge Heine (New York: United Nations Press, 2009).

⁵⁶ Cooper, “Renewing Latin America.”

⁵⁷ Bruce Moon, “The Foreign Policy of the Dependency State,” *International Studies Quarterly* 27, no. 3 (1983).

the Chinese sphere of influence out of economic necessity.⁵⁸ By bringing Latin American countries closer to China, there is the potential that they move further away from the United States. When these countries must decide where their oil or other natural resources will go or whom they would rather trade with, politics and existent dependency may play into the decision.

4. Reconstructing a New Order?

Constructivists assume that the increased influence in Latin America by China is not necessarily a challenge to United States influence with Latin America. Constructive theorists instead contend that the complex triangle between the United States, Latin America and China must be viewed from a non-rational perspective that accounts for China's view of the United States and the United States view of China.⁵⁹ If the two powerful countries view each other as the enemy, because identities are "relational," then increased Chinese influence potentially may challenge United States influence in the region, but with a change in the terms the United States views China and vice versa, both countries may avoid any perceived inevitabilities of power transition theory.⁶⁰ Scholars in this school of thought contend that with the peaceful rise of China and its ever resource-hungry population is the reason for China's involvement in Latin America. This need not conflict with United States interests if both countries can operate with a degree of transparency regarding their intentions. Carlos Pereira and Castro Neves make an argument similar to Sotomayor above in that each individual relationship with China must be assessed on its own merits.⁶¹ In Brazil, for example, the relationship with China may create a competitor in China rather than a partner due to the increasingly asymmetrical relationship between the two countries; China holds the advantageous position. This suggests that Chinese involvement in some areas of Latin America does

⁵⁸ Abraham Newman and Elliot Posner, "International Interdependence and Regulatory Power: Authority, Mobility, and Markets," *European Journal of Economic Relations* (2011).

⁵⁹ Alexander Wendt, "Anarchy Is What States Make of It," in *Conflict After the Cold War*, ed. Richard K. Betts (New York: Longman, 2008), 199.

⁶⁰ Alexander Wendt, "Anarchy Is What States Make of It," 199.

⁶¹ Carlos Pereria and Joao Augusto de Castro Neves, "Brazil and China: South-South Partnership or North-South Competition," *Foreign Affairs at Brookings*, March 2011.

not necessarily require a negative impact on America relations because not all improved ties with China will engender increased positive relations with Latin American countries. It depends rather on the nature of the relationship established.

Cynthia Watson provides an additional constructivist view by arguing that China's military investments and greater integration in Latin America do not necessarily mean increased tensions with Latin America because if the United States and China establish a strong triangular relationship with Latin America, such negative impacts can be avoided.⁶² Again, the basis behind this claim is that if transparency can increase general understandings between the United States and China, Chinese involvement in the region becomes less ominous and instead is viewed as just another move driven by motives other than security concerns or power transition destabilization.⁶³ In many cases, in a bid to avoid surreptitious intentions, China makes clear they harbor no intentions to destabilize the region by posing a serious security risk to the United States. In this manner their established trade links with Latin America are too valuable to damage. Through increased communication and transparency, the influence and regional hegemonic strength of the United States can remain at current levels.

E. HYPOTHESES

Historical institutionalism is a newer strain of international relations that says institutions that states form with each other over time set a path and a precedent for how the states will behave through those choices.⁶⁴ In this path dependency approach, actors are more likely to perform actions derived from the set of choices made between countries.⁶⁵ Thus, for this paper's question, if there is increased Chinese influence and the country influenced has close relations with the United States, then United States influence will tend to not be affected. Conversely, if relations between the United States

⁶² Cynthia Watson, "China's Use of the Military Instrument in Latin America: Not Yet the Biggest Stick," *Journal of International Affairs* (2013).

⁶³ Alexander Wendt, "Anarchy Is What States Make of It," 201.

⁶⁴ Kathleen Thelen and Sven Steinmo, "Historical Institutionalism in Comparative Politics" in *Structuring Politics: Historical Institutionalism in Comparative Analysis*, ed. Kathleen Thelen, Sven Steinmo, and Frank Longstreth (Cambridge: Cambridge University Press, 1992), 2–4.

⁶⁵ Thelen and Steinmo, "Historical Institutionalism in Comparative Politics, 10.

and the country experiencing increased presence from China already have poor relations with the United States, then United States influence is in danger of being eroded further in said countries. My theory, grounded in historical institutionalism, argues that China's increased presence in Latin America will impact relations between the United States and said country in the region, based on the level of China's increased involvement in the country and the status of the relationship between the U.S. and said country. Critical to this hypothesis are both the state of relations with the U.S. and the level of commitment China shows in its involvement with such a country.

CH: If China's presence in a Latin American country increases and a strong bilateral relationship with the United States existed prior to said increase, then U.S. influence in the country will not be impacted negatively.

The alternative explanations for the main question can be divided into the way each of these theoretical positions answer the research question. The hypothesis from power transition theorists and dependency theorists use the same wording, but the why behind the hypothesis is where the theorists diverge for the answer to the research question. Constructivists argue instead the way the United States and China view each other matters more than any eventuality described by power transition theorists from Chinese involvement impacting Latin American-United States relations.

Power transition theory scholars focus on the rise of China and how it might serve as a direct challenge to United States global hegemony and, specifically, regional hegemony in the Western Hemisphere. Most scholars argue through a combination of soft power tactics, military integration, and economic integration China offers the region a strong alternative to the status quo world internationally dominated by the United States and its friends. In this world, if a country does not play by the rules set by multilateral institutions established by the United States and its allies, a country risks isolation of all types of forms. Chinese involvement in the area seeks to rebalance this world order and potentially head it. Thus, by increasingly involving itself in Latin America, China helps to highlight the differences between a world order dominated by the United States and one either dominated by China or where China plays a far more important role. If this explanation is true, one expects to see China regularly involved in security roles

traditionally held by the United States. In other words, we should expect to see an increase in events such as drug trafficking coordination between Chinese and Latin American militaries, increased bilateral trade deals between China and Latin America, political gestures such as strategic alignments by China of causes important to Latin American countries (or vice versa), and bilateral military exercises in Latin America. A more extreme case would involve Chinese military bases permanently stationed in the Western Hemisphere. Such outcomes would indicate, per power transition theory, that China's increasingly influence in Latin America is having a negative impact on U.S. influence in Latin America. Hence the power transition theory hypothesis is as follows:

AH_I: If there is increased Chinese presence in Latin America, then United States-Latin American relations will be negatively impacted.

Contrary to the power transition hypothesis above, Liberal theorists would predict there would be little to no effect on United States-Latin American relations to China's increased involvement in the region. To the contrary, increased Chinese investment and commitment in the area so closely linked to United States economically helps avoid the chance of conflict, because Latin America may maintain positive relations with both the United States and China. Liberal interdependence contents that countries benefit from increased interdependence. Therefore, if China challenged United States interests in Latin America, complex ties between the two countries run the risk of harming Chinese interests in a system made of individuals who rely less on military strength and more on rules that maintain international order. In this way increased conflict is avoided and one expects to see increased involvement in Latin America from China increasing positive relations between the United States and Latin America. The dependency theory approach contends commercial asymmetry is the most powerful lever of the United States and its dominance over the Western Hemisphere. Hence, the Liberal Interdependence Theory Hypothesis is as follows:

AH₂: If there is increased Chinese presence in Latin America, then relations between Latin America and the United States will be improved.

The next theoretical framework that will generate our next hypothesis is based on economic dependency. The United States was once the most significant trading partner of all of Latin America, but with the emergence of China as an alternative to American economic dominance in the region, China is now the head of a dependency based relationship with many countries in Latin America. This could potentially pull the interests of the countries in a dependent relationship into closer alignment with China's. If the dependency theorists' explanation for this question holds true, evidence will show Latin American economies become transformed by the dependent and asymmetrical nature of their relationship with China. This transformation will simultaneously ensure Latin American countries experience difficulty diversifying their economies in a manner competitive with their respective market's reliance on China. The more dependent Latin American countries are to China, the less dependent they are to the United States which potentially erodes United States influence in the region and will show by potentially negatively impacting United States trade with the region as it shifts towards a Chinese dependence. Hence, the Dependency Theory Hypothesis is framed as follows:

AH₃: If there is increased Chinese presence in Latin America, then relations between Latin America and the United States will be negatively impacted as Mexico becomes more economically dependent on China.

A constructivist approach rejects the trajectory based predictions of the previous realist and dependency theories because they are both based on a zero sum approach to analyzing relations between countries. Constructivist underscore norms, ideas, context, and intentions are of great importance when discussing how Chinese relations with Latin America impact Latin America's relationship with the United States. Under constructivist assumptions, China's involvement in the region necessitates a re-evaluation by the United States to decide in what manner their involvement will be viewed. Negative association between the United States and China and their ambition drives a negative response, but alternatively positive association between the United States and China allows for the potential for cooperation. In this manner, cooperation would look like Chinese assistance

and complete transparency regarding their military actions in the region. This constructivist approach requires the United States to see Chinese involvement in the area as a potential partner rather than potentially a challenge to overcome. The constructivist hypothesis is thus as follows:

AH₄: Chinese presence in Latin America alone cannot explain changes in U.S. Latin American relations. Instead, those changes will depend on the way the United States, Latin American Countries and China view each other. And this identity construction often takes place at the domestic leadership level.

As should be now clear, my dependent variable is the quality of the bilateral relationship along the three dimensions: economic, political and military ties. The status quo is one of strong bilateral ties in terms of economic treaties, political rhetoric, and military alliance and assistance. The dependent variable varies from strong to weak, if the status quo is eroded through weakening economic ties, harsher political and diplomatic rhetoric, and finally a rejection of military aid and cooperation. The independent variable of interest, or what I hypothesize might change this status quo, is the increased presence of the Chinese government in the region. The four hypotheses will not only provide testable alternatives, but help build an explanatory framework that facilitates a causal explanation and speaks to a larger body of literature alongside this paper's argument. How will I assess if there are any changes and what might explain those changes? I answer this question in the research design section that follows.

F. RESEARCH DESIGN

This study will assess the influence of China on U.S.-Latin American relations through a diachronic analysis of two countries and a synchronic discussion of the two countries in the final chapter.⁶⁶ The study will evaluate the hypotheses in the cases of Brazil and Mexico. By taking a look at relations between the United States and these two countries before and after the start of major Chinese involvement, the thesis can observe whether Chinese influence changed\the relationship between the United States and these

⁶⁶ John Gerring, *Social Science Methodology: A Criterial Framework* (Cambridge, MA: Cambridge University Press, 2001), 219–222.

countries. Therefore, T_1 characterizes the baseline bilateral relationship between the U.S. and the country in question in the period when Chinese-Latin American relations were limited; the Chinese presence in the country will be substantiated; and T_2 serves as the second time period in which to examine continuity or change in the country's bilateral relationship with the U.S. This approach allows for a discussion of the impact of significant Chinese investments, relations, and involvement in the above listed countries while holding constant most factors affecting the relationship with the United States.⁶⁷

This study will focus on Brazil and Mexico because of their locations geographically, importance economically, or politically. Geographically, the countries are representative states of the two main regions within Latin America; Mexico is in North America and Brazil is in South America. This geographic representation allows the research into the results of Chinese influence to account for a physical distance from the United States possibly affecting the susceptibility to decreasing United States influence. The countries are at important stages of economic development, with Mexico and Brazil representing middle-income economies. And lastly, these countries are politically significant because a gain or loss of influence by the United States in any of these countries could have major consequences for the United States and regional stability as it directly challenges long unchecked hemispheric dominance in the area.

The ways the three criteria for the independent and dependent variables are measured are the same. Economic relations in both cases are defined as trade agreements, foreign direct investment, and other interactions between Latin America and either Chinese or American economic arms or corporations.⁶⁸ Economic arms are used to describe measures of both the Chinese and United States governments that are not officially part of the regime, but coordinate closely with the government. After all, a tool often used by countries in an attempt to exercise their will over other frequently involves “the reduction of foreign aid.”⁶⁹ Measuring political ties involves stances Latin

⁶⁷ Gerring, *Social Science Methodology*, 219–222..

⁶⁸ Joshua Itzkowitz-Shifrinson, “Assessing China’s Rise: Power and Influence in the 21st Century,” *Workshop Report* (MIT Center for International Studies, 2009).

⁶⁹ Jeffrey Hart, “Three Approaches to the Measurement of Power in International Relations,” *International Organization* 30, no. 2 (1976), 14.

American countries take in multilateral institutions, public statements of praise or reprimand against either China or the United States by government officials, opinion polls reflecting public support for either China or the United States or their policies. If China or the United States are excluded or added to multilateral institutions, for example, this is a sign of increased political influence in Latin America.⁷⁰ Military relation measurements stem from cooperation between militaries, bilateral or multilateral military exercises, technology exchanges or transfers, and major defense acquisitions from either China or the United States between Latin America.⁷¹

G. CONCLUSION

Since the Monroe Doctrine, the United States treated Latin America as its backyard. From this attitude two audiences emerge that will find this question of great importance—the U.S. Navy and academic scholars. Each will be discussed in turn. With the sudden Chinese interest in Latin America, especially its commodities, the traditional United States position of regional hegemony, is possibly being challenged. Some may see China's investment into the Western Hemisphere as a piece of a larger puzzle to undermine the established world order currently protected and led by the United States.⁷² Similarly, China's investment could simply be a rational outreach of its growing peaceful capability to engage with countries farther away from its shores to help continue the staggering growth of its economy.⁷³

The potential challenge to the security of the United States makes this question worth researching in order to theorize an appropriate response. In fact, SOUTHCOM commander Admiral Kurt Tidd, has he recently testified to Congress that China's growing interest in Latin America is a potential challenge to United States hemispheric

⁷⁰ Jeffrey Hart, "Three Approaches to the Measurement of Power in International Relations," 10.

⁷¹ Paul Leaf, "China's Charm Offensive: A Temporary Tactical Change," *The Diplomat* (2014).

⁷² James H. Hoey, "The Global Reach of China's Soft Power: China's Rise and America's Decline" (master's thesis, Naval Postgraduate School, 2007).

⁷³ Pereria and Augusto de Castro Neves, "Brazil and China," March 2011, 7.

dominance in the region.⁷⁴ It is clear to see the concerns that Tidd has specifically, and the U.S. Government generally have towards Chinese presence. For Tidd, he is concerned as it is his first strategic goal of SOUTHCOM is to ensure the United States remains the first security partner of choice in the region.⁷⁵ Through increased dealings between Latin America and the People's Republic of China, the traditional United States Government focus security primacy is challenged by China's increased presence in the region. Thus, ascertaining whether China is actually changing or impacting the region will help either highlight an issue of importance for the government and for the Navy, or it can also assuage their concerns, so as to better use resources in the region.

Academically, this question is important because, over time, it may help shed light on the many approaches scholars take to whether China's rise and continuous assertion around the world will stop at a soft power approach; soft power meaning "the ability to influence by persuasion and example rather than coercion."⁷⁶ Will this soft power approach spin off into further strategic political demands specifically regarding Taiwan or possible permanent military bases in the Western Hemisphere for power projection purposes?⁷⁷ Will China seek resource grabs alone or will resource trade agreements span deepening ties between Latin American countries that then lead middle power Latin American countries to reevaluate relationships between them and the United States?⁷⁸ All of these questions are unsettled in the academic community and therefore deserve further discussion.

⁷⁴ United States Senate, Committee on Armed Services, *Posture Statement of Admiral Kurt Tidd, Commander, United States Southern Command, United States Senate*, 114th Cong. (Washington, DC: GPO, 2016).

⁷⁵ United States Senate, *Posture Statement of Admiral Kurt Tidd, Commander*.

⁷⁶ Joseph S. Nye, Jr., *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004), 5.

⁷⁷ Rhys Jenkins, Enrique Dussel Peters, and Maurico Mesquita Moreira, "The Impact of China on Latin America and the Caribbean," *World Development* 36, no. 2 (2007): 238, doi: http://ac.els-cdn.com/S0305750X07001994/1-s2.0-S0305750X07001994-main.pdf?_tid=96949344-3319-11e6-825d-00000aab0f02&acdnat=1466009747_7e0ea6094c282e75da129d16fd0502c4.

⁷⁸ Jing Gu, John Humphrey, and Dirk Messner, "Global Governance and Developing Countries: The Implications of the Rise of China," *World Development* 36, no. 2 (2008): 277–278; Genaro Arriagada, Ramón Espinasa, and Kathryn Baragwan, "China, Latin America, and the United States: A Troubled Energy Triangle," *Inter-American Dialogue* (2014).

In the next chapter, I will look at U.S.-Mexico relations both before and after China's significant entrance into the region in 2001 and then analyze how China's involvement in the country impacted U.S. influence there. The third chapter of this thesis will do the same analysis using the same before and after China comparison methodology for Brazil. At the end of both chapters, I will analyze my central hypothesis against the four alternate hypotheses to demonstrate why my hypothesis works best for predicting whether U.S. influence will diminish in the face of outsider presence in Latin America. The final section of this paper will conclude the thesis and make policy recommendations after better understanding the dynamics presented here. These policy recommendations will come from a foreign policy political perspective and from a security perspective. There are several consequences the United States may experience if it does not maintain its influence in areas like Mexico so geographically close and Brazil so regionally important. Current policy initiatives communicated by the American administration could potentially increase the likelihood for more critical junctures in U.S. bilateral ties with Latin America where U.S. influence may be degraded. Careful relationship tending can reverse the course of any degraded impact the United States experiences in the region due to increased Chinese involvement.

II. MEXICO

A. INTRODUCTION

In November 2016, the American people elected Donald Trump as President of the United States. The new president uses language and promotes policy some foreign officials consider adversarial towards Mexico. The administration's new policy towards rethinking NAFTA and building a border wall that "Mexico will pay for" are two glaring examples of policies some experts say will be detrimental to U.S.-Mexico relations.⁷⁹ Unfortunately, Mexico moving away from the America is an excellent opportunity for China. This is no secret, as an article for CNBC overtly discussed.⁸⁰ CNBC's Fred Imbert notes that while President Trump suggests sending federal troops to Mexico, he potentially stokes tensions with a leader, and country, vital to U.S. national interests.⁸¹

Relations between Mexico and the U.S. have not always been positive. Both countries, like most of Latin America with the United States, experienced a tide-like ebb and flow relationship grounded on the several military actions the United States made against Mexico and policies such as Manifest Destiny. While Manifest Destiny is seen as a policy that helped America become the country it is today, Latin America and Mexico saw it as a new form of imperialism.⁸² Their first major military interaction was in 1865 when the two countries clashed over Texas joining the United States.⁸³ This negative interaction stemmed from U.S. overall policy at this time to conquer what would become

⁷⁹ John Ackerman, "Trump Backs Mexico into A Corner," *Politico Magazine*, January 2017, <http://www.politico.com/magazine/story/2017/01/trump-backs-mexico-into-a-corner-214700> and Donald Trump's Twitter feed, accessed March 9, 2017, <https://twitter.com/realdonaldtrump/status/771294347501461504?lang=en>.

⁸⁰ Fred Imbart, "Donald Trump Is Alienating Mexico and China Could Be the Big Winner," *CNBC*, February 2017, <http://www.cnbc.com/2017/02/06/donald-trump-alienates-mexico-and-china-is-the-winner.html>.

⁸¹ Ibid.

⁸² Brian Loveman, "U.S. Foreign Policy Toward Latin America in the 20th Century," *Latin American History*, July 2016, <http://latinamericanhistory.oxfordre.com/view/10.1093/acrefore/9780199366439.001.0001/acrefore-9780199366439-e-41?mediaType=Article#acrefore-9780199366439-e-41-div1-5>.

⁸³ Graham Turbiville, "U.S. Military Engagement with Mexico: Uneasy Past and Challenging Future," *JSOU Report*, 16.

the continental United States. This U.S.-Mexico war and several incursions it started their bilateral relationship on a strained step. U.S.-Mexico relations would finally begin to improve over the global calamity of World War II through German U-boats' indiscriminate bombing of Mexican shipping supplies.⁸⁴ Relations took a turning point here, as Mexico then enjoyed the benefits of helping the West through military training, support, and Lend Lease financial assistance from the United States.⁸⁵

After World War II, relations between Mexico and the United States stagnated, but crucial positive steps became cemented such as the Western Hemisphere Institute for Security Cooperation (WHISC), which was established in 1946 under a different name and at a different location.⁸⁶ This school served as one of the first significant institutional cooperative structures for positive U.S.-Mexico bilateral relations. The once frayed relationship between the United States and Mexico grew over the years to become a relationship of ever-growing interdependence.

The new American administration threatens this closeness. China and its leaders are paying close attention.⁸⁷ This chapter will assess the impact of China's increasing influence in Latin America by first discussing the case of Mexico. In first describing relations between the United States and Mexico before China, then discussing China's major emersion into the region, this chapter will analyze the impact of China's involvement in the region on U.S.-Mexico relations.

The critical juncture of Chinese-Mexican relations occurred when China joined the World Trade Organization (WTO) in 2001.⁸⁸ After 2001, there are observable changes in the interaction and influence between the United States and Mexico. Prior to this, China paid less attention to Mexico, but did seek to strengthen economic, military, and political relations with other countries in the region. The reason is Mexico enjoyed a

⁸⁴ Turberville, "U.S. Military Engagement with Mexico," 19.

⁸⁵ Ibid.

⁸⁶ Ibid., 24.

⁸⁷ Imbart, "Donald Trump Is Alienating Mexico."

⁸⁸ Chen Jiang, "Mexico and China: From Rivalry to Investment," *Council on Hemispheric Affairs* (2015), <http://www.coha.org/mexico-and-china-from-rivalry-to-investment-partner/>.

longer, and eventually, closer relationship with the United States. This relationship existed to a greater extent than many other Latin American nations. This was specifically evident in the areas of economic, military and political relations.

Because China's involvement in Mexico arose most significantly after China joined the WTO, the Chinese involvement in Mexico is primarily motivated by economic interests. As earlier noted, the core motivation for Chinese foreign policy interests is commercial that leads to the military and political realms. Upon analyzing the nature of U.S.-Mexico relations before and after China's entrance into the WTO, it becomes clear that China and Mexico became economic competitors. This economic competition moved Mexico closer to the United States and blunted China's positive influence in the country. China's increased presence in Mexico positively affected United States influence in Mexico, but as a result, U.S.-Mexico relations changed to contend with increased Chinese involvement in the hemisphere because of the positive benefits for hemispheric trade.

As discussed earlier, the relationship between Mexico and the United States evolved from one of early animosity to cooperation. In the areas of the economy, military, and politics, Mexico and the U.S. shared a burgeoning relationship, of which the economic partnership opened the door for the other two. The second section then dives into how the above-mentioned relations change upon heavy Chinese involvement in the region.

B. BEFORE THE CHINA EFFECT: UNITED STATES AND MEXICO

1. Economies Growing Closer Together

Economic relations between the United States and Mexico before the year 2001 is a story of growing interdependence and a series of economic asymmetrical relationships.⁸⁹ The hallmark of U.S.-Mexican economic relations is the North Atlantic Free Trade Agreement (NAFTA). Since 1994, Mexico and the United States enjoyed

⁸⁹ Paul Ciccarelli, "NAFTA and the reconstruction of U.S. Hegemony: The Raw Materials Foundations of Economic Competitiveness," *The Canadian Journal of Sociology* 26, no. 1 (2001).

many economic benefits as fruits of NAFTA.⁹⁰ While the free trade agreement certainly did not create a European Union in North America, the series of agreements between the two countries made bilateral business relations more fluid and less costly.⁹¹ The United States, Mexico, and Canada collectively agreed to lower many tariffs bilaterally in an economic liberalization scheme aimed to boost regional trade.⁹² Again, this was not a full free trade zone because some sectors were specifically protected by one side or another. Mexico's corn sector, for example, received substantial protections from the government. Based on Mexico's low level of production and the fear of competing with U.S. highly industrialized agriculture sector, many high tariffs on corn remained.⁹³

Both economies use the agreement to their relative advantage. The Mexican economy benefits from increased multinational corporations basing their operations in Mexico, forming the thriving and industrious *maquiladoras*. These entities provide substantial and much needed access to United States capital and corporations and Mexico's employment numbers receive a boost.⁹⁴ From the perspective of the United States, these relations with Mexico bring the potential for cheaper consumer goods through the free trade agreement with Mexico.⁹⁵ Through Mexico's cheap labor, United States companies can increase profit margins by acquiring the potential to cut labor costs from American workers to Mexican workers.

The NAFTA agreement for Mexico served to "accelerate the trend" of growth in Mexico's export markets with the United States.⁹⁶ While export trade growth between the United States and Mexico was growing before the inception of NAFTA, Mexico's

⁹⁰ Jorge Castaneda, "NAFTA's Mixed Record: the View from Mexico," *Foreign Affairs* 93, no. 1 (2014).

⁹¹ James McBride, "NAFTA's Economic Impact," *Council on Foreign Relations*, accessed Feb. 1, 2017, <http://www.cfr.org/trade/naftas-economic-impact/p15790>.

⁹² McBride, "NAFTA's Economic Impact."

⁹³ Ibid.

⁹⁴ Chen Jiang, "Mexico and China: From Rivalry to Investment."

⁹⁵ McBride, "NAFTA's Economic Impact."

⁹⁶ Jorge Castaneda, "NAFTA's Mixed Record: the View from Mexico."

trade saw growth from “\$60 billion in 1994 to approximately \$400 billion in 2013.”⁹⁷ NAFTA and the policies that accompanied its implementation helped deepen economic ties because it helped the Mexican middle class in the process. Middle class Mexicans gained access to goods, services and jobs otherwise inaccessible to them before NAFTA.⁹⁸ Furthermore, NAFTA helped promote neoliberalism in Mexico that improved the Mexican economy on the macroeconomic level. While the impact for Mexico was relatively positive for Mexico economically the United States, through NAFTA with Mexico, benefited by helping to bring Mexico into closer reliance with the United States. Mexico already depended heavily on the United States economically before NAFTA, but NAFTA reinforced the asymmetrical relations between the United States and Mexico with the United States in the superior role in the lop sided relationship. As the United States was the more developed and advanced economy between the two countries, NAFTA served to give access to Mexico’s vast supply of both cheap labor and vast raw material resources.⁹⁹ The United States economy was maturing to the point where its competitive advantage in technology and advanced corporations were slowing due to high wage costs and dwindling raw resource assess, but the free trade deal that NAFTA represented helped to “reverse” this trend.¹⁰⁰ Table 1 displays how the United States’ raw resources demand began to increase in the 1970s and 1980s because of its continuing economic advancement.¹⁰¹

⁹⁷ Jorge Castaneda, “NAFTA’s Mixed Record: the View from Mexico.”

⁹⁸ Ibid.

⁹⁹ Paul Ciccantell, “NAFTA and the reconstruction of U.S. Hegemony: The Raw Materials Foundations of Economic Competitiveness,” *The Canadian Journal of Sociology* 26, no. 1 (2001).

¹⁰⁰ Ibid.

¹⁰¹ Ibid.

Table 1. Percent of Total U.S. Demand, Ciccantell and U.S. Department of Energy¹⁰²

	Copper	Aluminum	Steel	Oil	Natural Gas
1950	37	19	*	9	0
1960	6	*	1	16	1
1970	5	*	7	22	4
1980	29	*	9	37	5
1990	*	*	21	42	8
1991	*	*	22	40	9
1992	2	1	13	41	10
1993	7	19	15	44	11
1994	13	30	22	45	12
1995	7	23	21	45	13
1996	14	21	17	46	12
1997	13	23	20	44	14
1998	16	25	18	46	15
*= net exporter					

President Clinton explained by saying, “Our biggest challenge today is economic-to channel a changing international economy to our benefit.... This Administration supports the NAFTA with supplemental agreements because it will create high-wage U.S. jobs, boost U.S. growth, and expand the base from which U.S. firms and workers can compete in a dynamic global economy.”¹⁰³ The materials the United States continued to need in more and more supply were more readily available to the United States through increased trade and free-trade deals with Mexico.¹⁰⁴

¹⁰² Adapted from Ciccantell (2001) from U.S. Department of Energy.

¹⁰³ Ciccantell, “NAFTA and the reconstruction of U.S. Hegemony.”

¹⁰⁴ Ibid.

Another important economic metric to understand regarding the relations between the two countries is the export/import balance in the years leading up to the passage of NAFTA and 2001; see Table 2. By first using the years 1990–2001 and establishing a general trend for U.S.-Mexico exports and imports, we can see how China's economic influence post 2001 changed the relationship between the United States and Mexico.

Table 2. Total U.S. Mexico Trade (in millions US\$)¹⁰⁵

	Exports	Imports
1990	28,279	30,156
1991	33,277	31,129
1992	40,592	35,211
1993	41,580	39,917
1994	50,843	49,493
1995	46,292	62,100
1996	56,791	74,297
1997	71,388	85,937
1998	78,772	94,629
1999	86,908	109,720
2000	111,349	135,926
2001	101,296	131,337

Table 2 displays several important trends. Generally, both exports and imports increased year after year between the two countries. This is an indication of year on year increased economic interdependence in U.S.-Mexico economic relations. The other notable trend from the above data is the increasing trend accelerates after the passage of NAFTA. In other words, the rate of increase imports and exports between the two countries increases after NAFTA is signed. There is a short drop on U.S. exports followed by an immediate rise and continued substantial growth in this realm. Imports

¹⁰⁵ Source: the U.S. Census Bureau, <https://www.census.gov/foreign-trade/balance/c2010.html>.

from Mexico start growing much faster than the trend before 1994. This data, as discussed above, helps illustrate how in the area of trade between the two countries, NAFTA served to bring them closer together by a principle of shared prosperity in the export/import realm.

2. Cautious Cooperating Militaries

United States-Mexico military relations come together through shared and overlapping external and internal concerns. The main threats to Mexico are issues related to narcotics and their derivative disturbances while the spillover consequences of Mexico's dangerous and precarious narcotics situation is of significant concern to the United States.¹⁰⁶ This relationship however is not void of the historic influence of the past conflicts between the two geographic neighbors. In the historical development of the United States and Mexico, both countries' militaries have met in the battlefield in various circumstances leading to various levels of occupation.¹⁰⁷ In Mexico, this past leaves behind a cautious interaction between the Mexican military with the United States military.¹⁰⁸ Up to the point of 2001, the main source of security interaction between the two countries was on a military to military training perspective.¹⁰⁹ Mexico benefited from this relationship by receiving training from the technologically and numerically advanced forces of the United States and the Americans benefited from this training by helping to improve the violence halting capability of Mexican forces with the hopes of stopping conflict spilling over into United States soil.

The most significant groundwork laid in the serious interactions between United States and Mexican militaries was established in the 1990s.¹¹⁰ Before this period, interaction between the two militaries was very light interactions and surface-level engagements. In fact, the earlier described mistrust, cautiousness, and reclusiveness of

¹⁰⁶ Graham Turbiville, "U.S. Military Engagement with Mexico: Uneasy Past and Challenging Future," JSOU Report, 14–15.

¹⁰⁷ Turbiville, "U.S. Military Engagement with Mexico," 4.

¹⁰⁸ Ibid.

¹⁰⁹ Ibid., 11–13.

¹¹⁰ Turbiville, "U.S. Military Engagement with Mexico," 18.

the military received little attention from many academics in the United States.¹¹¹ Military leaders such as Colonel John Cope helped accurately describe how the past interactions between the United States and Mexico cemented some of the precarious emotions still existent between the two militaries.¹¹² General Gordon Sullivan, at the time the Chairman of the Joint Chiefs of Staff in the United States, however, helped start the change to the bilateral relations between Mexico and the United States.¹¹³ It is of note that many Mexican leaders were “deeply impressed” by General Sullivan’s visit to Mexico.¹¹⁴ The goal of the United States sending the general to Mexico at this time was to assess the current status and capabilities of their militaries, and the general showed Mexican military leadership he actually cared about the things they discussed and the events he witnessed.¹¹⁵ Military relations between the United State and Mexico certainly improved here, but they still required more effort in order for the relations to be characterized as warm. Military sales from the United States to Mexico were still quite limited.¹¹⁶

After General Sullivan’s visit, military interaction between the United States was not that of the United States and some of its closest allies like Britain and Japan, but there were still significant military interactions between top military leaders, useful arms sales from the United States to Mexico, and still anti-violence training from the United States to Mexico. The relationship was not a perfect alliance, but the partnership served both countries well regardless. Up to the year 2001, the Mexican military would interact with the United States by sending an increasing important number of its military officers to train and receive schooling in the United States. At one point, Mexico would send over 300 of its military officers to the United States for military training at its height before 2001.¹¹⁷

¹¹¹ Ibid.

¹¹² Ibid., 18.

¹¹³ Ibid.

¹¹⁴ Ibid., 19–20.

¹¹⁵ Ibid., 20–21.

¹¹⁶ Garza, “U.S. and Mexico: Trading Partners, Reluctant Allies.”

¹¹⁷ Turbiville, “U.S. Military Engagement with Mexico,” 22.

One of the important aspects of Mexico's national identity is its sovereign right to keep foreign troops off its soil.¹¹⁸ This fact makes some military-to-military training between the U.S. and Mexico difficult. An area of more vibrant, but still inconsistent, coordination is through the countries' respective navies. One of the largest and oldest exercises conducted by the United States with the Western Hemisphere is UNITAS. Stemming from the Latin word for unity, UNITAS brings together the U.S. and several other Latin American countries, but Mexico would not contribute to this before the year 2002.¹¹⁹ Curiously, while the Mexican government typically shied away from joint exercises with the U.S. military, sales and funding from the U.S. seemed perfectly acceptable. The year 1999 saw Mexico receive \$240 million in various equipment allocations from the United States.¹²⁰ The next year, 2000, saw that number rise to \$245 million.¹²¹ These numbers represent not only military sales figures, but also military training expenses provided as services to the Mexican government. Moreover, as with so many other things between the two country's military relationship, the increasing sales trend did not mean an ideal military relationship. In 1999, Mexico returned helicopters provided by the United States after the equipment proved more costly than their worth.¹²² From the rocky historical foundation, the off-and-on again interest by the U.S., and the increasing military sales between the two countries the relationship between Mexico and the U.S. is an open and robust one, but not perfectly friendly before the year 2001.

¹¹⁸ Mary Beth Sheridan, "Mexico Rejects U.S. Plan for Joint Military Exercises," *Sun Sentinel*, March 1996, http://articles.sun-sentinel.com/1996-03-19/news/9603190126_1_joint-exercises-military-exercises-mexico-s-foreign-policy.

¹¹⁹ Allan Wall, "Mexico Participates in UNITAS Gold '09," *Banderas News*, April 2009, <http://www.banderasnews.com/0904/nr-unitasgold.htm>.

¹²⁰ United States State Department, Report by The State Department Pursuant to Sec. 655 of the Foreign Assistance Act: Direct Commercial Sales Authorizations for Fiscal Year 1999, https://www.pmddtc.state.gov/reports/documents/rpt655_FY99.pdf.

¹²¹ United States State Department, Report by The State Department Pursuant to Sec. 655 of the Foreign Assistance Act: Direct Commercial Sales Authorizations for Fiscal Year 2000, https://www.pmddtc.state.gov/reports/documents/rpt655_2000.pdf.

¹²² Craig Deare, "U.S. Mexico Defense Relations: An Incompatible Interface," *Strategic Forum* 243 (2009), <https://www.files.ethz.ch/isn/104203/SF243.pdf>.

3. Political Coordination between Mexico and the United States

The mid- to late twentieth century saw political relations between the United States and Mexico in a similar way one could describe distant cousins. They knew of each other's existence, but with the exception of when a need emerged, neither country paid too much attention to the other. Over time, this would change, and the United States would begin to see Mexico as an important player in regional economic issues and an important political player. Mexico's longest serving party was the Institutional Revolutionary Party (PRI).¹²³ Since Mexico's revolution, this party guided Mexican politics as the most impactful party in the country and enjoyed one party rule for extended periods of time.¹²⁴ One of the hallmarks of the PRI's platforms was a weary and cautious approach to the strength and perceived imperialism of the United States.¹²⁵ In the same way military relations between Mexico and the United States were guided by the histories of war and engagement between the two parties, diplomatic relations and public perceptions of the United States and Mexico and vice versa were structured from this past. Thus, the PRI functioned on this perception. Described as the "looming threat narrative," the PRI did an excellent job of reminding voters of the role they played in protecting Mexico from the United States and this narrative propelled their foreign policy.¹²⁶

The United States seemed to try its best to ignore Mexico unless it needed something from it such as the widely beneficial *Bracero* program from the end of World War II until the 1960s.¹²⁷ Author Shannon O'Neil discusses this interaction in U.S.-Mexico relations. O'Neil describes how the United States accepted PRI rule as an undemocratic party, but one that brought what the United States saw as order to

¹²³ Council on Hemispheric Affairs, "Democracy in Mexico: Past Present Future," <http://www.coha.org/democracy-in-mexico-the-past-present-and-future/>.

¹²⁴ Ibid.

¹²⁵ Shannon K. O'Neil, *Two Nations Indivisible: Mexico, The United States, and the Road Ahead* (New York: Oxford Press, 2013), 22.

¹²⁶ Ibid.

¹²⁷ Elizabeth Mandeel, "The Bracero Program 1942–1964," *American International Journal of Contemporary Research* 4, no. 1 (2014).

Mexico.¹²⁸ This fits to the narrative that the United States only focused on Mexico when it needed to or when the United States needed something. The United States would indeed need something again during the oil crisis in the 1970s under President Carter. The United States needed Mexican oil and Mexico needed American dollars and relations improved for a short period of time, but would soon return to their lackluster and inattentive state.¹²⁹ Once America was embroiled in another economic slowdown, oil demand in America fell and so again did interest in Mexico.¹³⁰ This situation further weaves the notion that America for much of the mid-twentieth century treated Mexico like a friend in a need based manner. This kind of relationship is not a partnership, but certainly not an adversarial role as in some cases in the nineteenth century between the two countries. In 2000 when ordinary Mexicans participated in polling questioning their favorability towards the United States, 68% of respondents answered in the positive.¹³¹ Politically speaking, the countries were not on warm terms, but they were not adversaries.

In the same way that NAFTA brought the two countries together economically, NAFTA served as a launch pad for the countries politically speaking. NAFTA would unite the countries politically in a way no other issue or coordination pact or summit managed to do over the decades of cooperation between the two countries.¹³² With the NAFTA agreement came the need for diplomatic institutional support in order for the policy makers in Washington to support United States business interests in Mexico.¹³³ This institutional support took the form of not only increased physical attention to Mexico City, but also an increase in the consulates. The increase in business created such an increase in positive political attention between the United States and Mexico that the

¹²⁸ O’Neil, *Two Nations Indivisible*, 23.

¹²⁹ Shannon K. O’Neil, *Two Nations Indivisible*, 24–26.

¹³⁰ *Ibid.*, 24.

¹³¹ Pew Research Center, “Global Opposition to U.S. Surveillance and Drones, but Limited Harm to America’s Image,” <http://www.pewglobal.org/files/2014/07/2014-07-14-Balance-of-Power.pdf>.

¹³² O’Neil, *Two Nations Indivisible*, 24.

¹³³ *Ibid.*, 26.

United States could not keep up with the demand for visa applicants looking to take advantage of business opportunities now available through the NAFTA agreement.¹³⁴

Another important aspect of the political relationship between the U.S. and Mexico is any relationship between Mexico and their propensity to vote in accordance with the U.S. in the United Nations (UN). In the year 2000, Mexico voted with the United States 21 times and opposite United States votes 40 times.¹³⁵ Taken with the countries participation on votes, Mexico voted with the United States just 34.4% of the time.¹³⁶ For perspective, Mexico is on the bottom half of all General Assembly members ranked by most likely to vote with the United States to least likely. Taken over time in the late 1990s, Mexico's voting percentage with the United States is consistently poor showing a slight decrease over time leading up to the year 2000.¹³⁷ While not necessarily troubling from the U.S. perspective, it merely shows that United States influence is not so strong in Mexico that it translates to UN loyalty with U.S. vote positions.

C. THE CHINA EFFECT: DOES THE RISE OF CHINA DESTABILIZE THE MEXICAN AND U.S. RELATIONSHIP?

The year 2001 was critical for this discussion because China became a member of the WTO, and with this membership it meant increased entry into the ripe Western Hemisphere. Where an economic interest thrives, political and military ones must follow. After all, military and political interests, where economic ones are rooted, help to protect the interests established by the rich economic benefits garnered in a country. In Mexico's case, China's interests that fall under the economic, military, and political realm are subdued. Therefore, the impact on U.S. influence in Mexico due to increased Chinese presence is determined to be beneficial to U.S. influence because Mexico sees China as a competitor. China certainly makes overtures in Mexico's direction and attempts to establish closer ties with Mexico, but the increased integration between the U.S.-Mexican

¹³⁴ O'Neil, Two Nations Indivisible, 26.

¹³⁵ U.S. State Department, General Assembly Voting Record, <https://www.state.gov/documents/organization/1978.pdf>.

¹³⁶ U.S. State Department, General Assembly Voting Record, <https://www.state.gov/documents/organization/1978.pdf>.

¹³⁷ Ibid.

economies during the same period and subsequent growth in military and political ties do not allow China to damage United States influence in Mexico.

1. A Rebalanced Economic Relationship

After the induction of China into the WTO in 2001, the U.S.-Mexico economic relationship remained quite strong. As the data in Table 3 indicates, imports and exports between the two countries grew nearly consistently 10 years after China joined the WTO. Anomalies to this trend are found in U.S. exports until 2002, and again because of a decrease after the housing crisis and economic downturn in 2008.

Table 3. Total U.S.-Mexico Trade (in millions US\$)¹³⁸

	Exports	Imports
2001	101,296	131,337
2002	97,470	134,616
2003	97,411	138,060
2004	110,731	155,901
2005	120,247	170,108
2006	133,721	198,253
2007	135,918	210,714
2008	151,220	215,941
2009	128,892	176,654
2010	163,664	229,985
2011	198,288	262,873
2012	215,875	277,593

One of the most astounding aspects of NAFTA for the relationship between Mexico and the United States were the benefits ordinary Mexicans enjoyed through

¹³⁸ Adapted from U.S. Census Bureau 2010, <https://www.census.gov/foreign-trade/balance/c2010.html#2001>.

access to consumer goods otherwise out of reach for them.¹³⁹ While United States companies took advantage of low-wage jobs in Mexico in contrast to the high labor costs in America, Mexicans employed with these wages were able to use the money and buy items otherwise unavailable to them by lack of opportunity and funds to procure specific consumer goods.¹⁴⁰ Thus, any competition for Mexico's place with the United States as a great destination for companies to acquire cheap labor is potentially detrimental for the Mexican economy.¹⁴¹

While the Chinese economy joined the WTO in 2001, Mexico still kept some trade restrictions of the Chinese in order to offset what the Mexicans viewed as the coming flood of Chinese goods in competition with their own products.¹⁴² This is precisely the effect of China entering the WTO and gaining favorable access to Western Hemispheric markets.¹⁴³ Since 1993, the United States was always Mexico's number one trading partner while, only after NAFTA, did Mexico become the most important trading partner for the United States, second only to Canada.¹⁴⁴ What this helps to illustrate is that in bringing China into the WTO and thus allowing economically fairer treatment of Chinese manufacturing, China and Mexico became competitors, as both China and Mexico were immediately vying for the same advantage found in the enormous economic market demand in the United States for manufactured goods.¹⁴⁵ The competition between China and Mexico for trade relations is further evidenced in the market share increases over time since NAFTA and China's induction into the WTO. From 1999 to 2001, Mexico's exports occupied 10.49%, 10.93%, and 11.25% of U.S. import market share,

¹³⁹ Jorge Castaneda, "NAFTA's Mixed Record: the View from Mexico."

¹⁴⁰ Ibid.

¹⁴¹ Enrique Dussel Peters, Adrian Hearn, and Harley Shaiken, "China and the New Triangular Relationships in the Americas: China and the Future of US-Mexico Relations," *University of Miami Center for Latin America Studies*.

¹⁴² Roberto Hernandez Hernandez, "Economic Liberalization and Trade Relations between Mexico and China," *Journal of Current Chinese Affairs* 1 (2012), 50.

¹⁴³ Peters, Hearn, and Shaiken, "China and the New Triangular Relationships in the Americas," 13–14.

¹⁴⁴ Ibid., 14.

¹⁴⁵ Peters, Hearn, and Shaiken, "China and the New Triangular Relationships in the Americas," 14.

respectively.¹⁴⁶ Over the same period, China occupied 8.29%, 8.55%, and 9.27% of U.S. market share.¹⁴⁷ Immediately following 2001, we see China's share of U.S. imports increase faster than Mexico and overtake its overall percentage of U.S. imports in 2003, with Mexico at 10.7% and China at 12.51%.¹⁴⁸ This trend does not reverse until present day, with Mexico roughly at the same percentage of U.S. import share since 1999, while China almost consistently increases its share of U.S. imports yearly. By economic terms, the competition China poses and the rebalancing of the relationship between Mexico and the United States depends on how both Mexico and the United States approach the new relationship with China. In much the same way that dealing with the United States after NAFTA helped many in Mexico take advantage of increased economic activity, the same may occur with increased Chinese involvement in Mexican markets.¹⁴⁹ Similarly, the competition also challenges Mexican business and exports that were once Mexican market shares, but now see Chinese share of the same markets growing more quickly.¹⁵⁰

2. China and Mexico: Developing Military to Military Relations

In contrast to other countries in Latin America, Mexico and China's military relations don't seem to be a cause for concern from the stand point of the United States. While other Latin American countries continue to expand their military to military relationships with China, the relationship between Mexico and China seems to exhibit the same surface level relationship displayed by mid-nineteenth century United States-Mexico military-to-military ties. This is exhibited in the various high-level meetings between defense officials in Mexico and Chinese officials where they both promise closer ties and greater closeness between the two countries, but little concrete action arises from such meetings.¹⁵¹ China's best military relationships in Latin America stem from Latin

¹⁴⁶ UN Comtrade, <https://comtrade.un.org/data/>.

¹⁴⁷ Peters, Hearn, and Shaiken, "China and the New Triangular Relationships in the Americas," 14.

¹⁴⁸ Ibid.

¹⁴⁹ Ibid., 18.

¹⁵⁰ Ibid.

¹⁵¹ "China: Military Commission Vice-Chairman Meets Mexican Defense Secretary," *BBC Monitoring Asia Pacific* (1999), <http://libproxy.nps.edu/login?url=http://search.proquest.com/docview/449836672?accountid=12702>.

American countries that already possess poor foreign-policy relationships with the United States, such as Venezuela and Peru.¹⁵² As discussed earlier, relations between Mexico and the United States are not perfect; they are historical and mutually beneficial. Furthermore, the nature of the military relations between the United States and Mexico provides assistance to the only real threat Mexico acknowledges and faces: the threat from narco-violence. This is also in full display when comparing Mexico's military expenditures with that of the United States and China.¹⁵³ Figure 1 displays Mexico, the United States and China's military expenditure as a percentage of GDP, and Mexico's does not rise above 1 percent. This only slightly changes recently, when China and the United States spend considerably more as a percentage and as a raw figure.

¹⁵² Paul Coyer, "China's Pivot to Latin America: Beijing's Growing Security Presence In Latin America's Backyard," *Forbes*, February 2016, <http://www.forbes.com/sites/paulcoyer/2016/02/20/chinas-pivot-to-latin-america-beijings-growing-security-presence-in-americas-backyard/#3f0e9999d915>.

¹⁵³ World Bank Generated: <http://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?contextual=default&locations=MX-CN-US>.

Military expenditure (% of GDP)

Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security.
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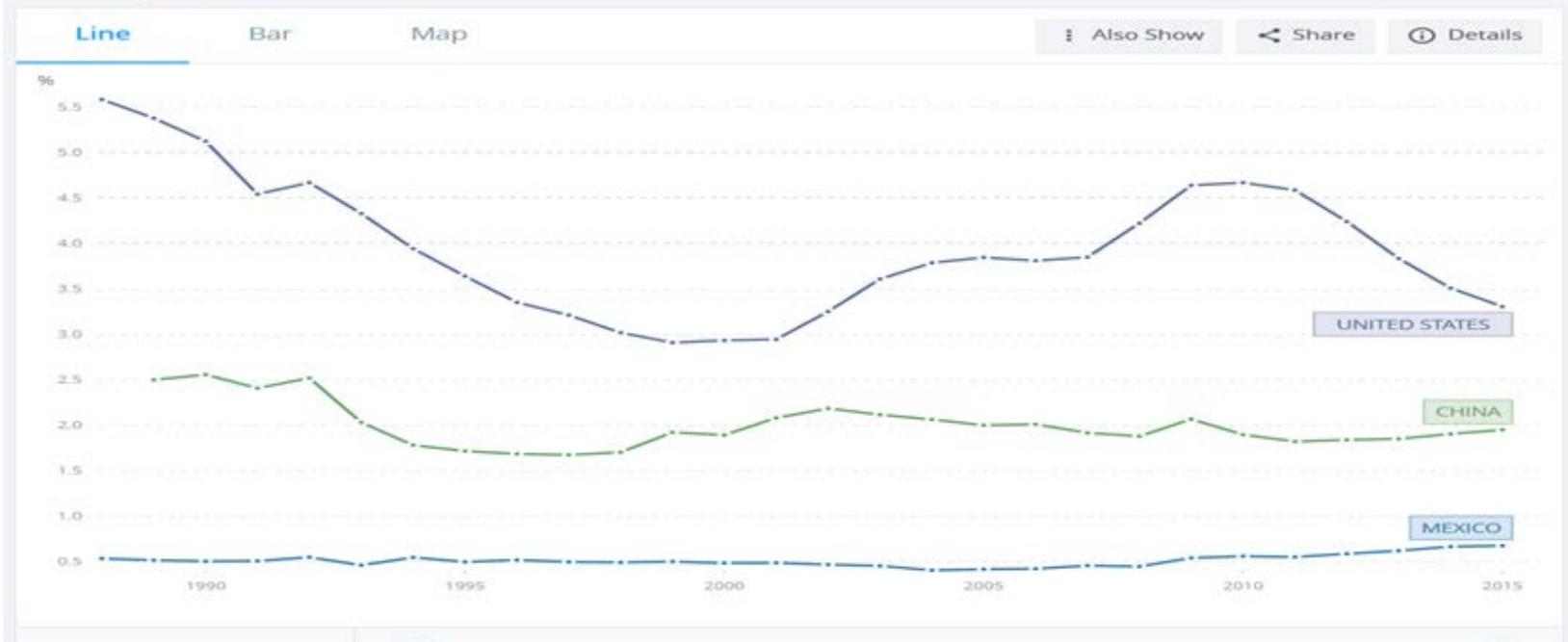


Figure 1. Military Expenditure by Country, World Bank¹⁵⁴

¹⁵⁴ Source: World Bank, <http://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?contextual=default&locations=MX-CN-US>.

It is also key to note the language used when high level defense ministers from China and Mexico meet. In 2016, when the Vice Chairman of China's Military Central Commission Fan Changlong met with Mexico's Minister of National Defense Salvador Cienfuegos the language was vague and non-committal. This is not rare, but the specific language guaranteed the two nations would "strengthen military cooperation and elevate mutual ties to a new high."¹⁵⁵ The ministers agreed to cooperate on virtually the same assistance level that the United States provides to Mexico, but the United States possess more experience at providing to this requirement to Mexico.¹⁵⁶ In 2002, the U.S. provided Mexico with a total of \$830,648,405 worth of defense services and authorizations.¹⁵⁷ By 2015, this amount of money authorized by the Americans ballooned to \$1,656,635,625.¹⁵⁸ Alternately, military aid between China and Mexico is almost nonexistent. The most significant arm sales between Mexico and China from 2001–2016 was a \$14 million deal involving a towed gun.¹⁵⁹ Thus, this meeting, while useful in improving overall relations between Mexico and China, is not the kind of substantive high-level meeting that constitute a threat to the relationship Mexico's military keeps with the United States. Furthermore, based on the relative security assistance provided by the United States where Mexico needs it most and the relative closeness between the two, it seems unlikely that China will challenge the influence of the United States in the future on this current path.

¹⁵⁵ "China, Mexico Vow to Elevate Military Ties to New High," *Xinhua News Agency*, October 2016, <http://search.proquest.com.libproxy.nps.edu/docview/1833969045/fulltext/10C057B436484EB7PQ/1?accountid=12702>.

¹⁵⁶ Clare Seelke and Kristin Finklea, "US-Mexican Security Cooperation: The Merida Initiative and Beyond," *Congressional Research Service*, January 2017, 18.

¹⁵⁷ United States State Department, Report by The State Department Pursuant to Sec. 655 of the Foreign Assistance Act: Direct Commercial Sales Authorizations for Fiscal Year 2002, https://www.pmddtc.state.gov/reports/documents/rpt655_2002.pdf.

¹⁵⁸ United States State Department, Report by The State Department Pursuant to Sec. 655 of the Foreign Assistance Act: Direct Commercial Sales Authorizations for Fiscal Year 2015, <https://www.pmddtc.state.gov/reports/documents/rpt655-FY15.pdf>.

¹⁵⁹ SIPRI Database, http://armstrade.sipri.org/armstrade/page/trade_register.php.

3. Political Relationship at the Crossroads

In the same way the United States and Mexico benefited from improved relations, in some aspects, from the economic benefits engendered from increased economic closeness, Mexico-China political relations benefit from increased economic relations. In fact, in the political realm, Mexico and ordinary Mexicans' perception of China are similar to their views regarding the United States in some areas and encouraging for the United States in other areas. In Figure 2 and 3, Figure 3 asks who has the most influence in Latin America among the United States, China and other countries. Figure 2 asks who will have the most influence in a decade.¹⁶⁰ While it is advantageous for the United States that it wins in both questions regarding the perceptions of influence with ordinary Mexicans, it is indicative of China's positive economic interactions with Mexico that over a longer period of time, less Mexicans see the United States as the keeping its influence ten years later than those that see the United States with the most influence now. That's evident in the continued and increased political interaction between the two countries. The political relationship between Mexico and the United States is not unbreakable also. Criticism and shifting political overtures from Washington's leaders seems to push Mexico and China closer and closer together.¹⁶¹ In this way, China's presence acts as an alternative to the U.S. in the event NAFTA begins to unwind or other disadvantageous trade policies are enacted and aimed at Mexico.

¹⁶⁰ Ibid.

¹⁶¹ Rafael Bernal, "Mexico Seeks Closer Engagement With China," *The Hill*, December 2016.

Among the U.S., the PRC, or other countries, which one will have the most influence in Latin America/Caribbean within a decade?

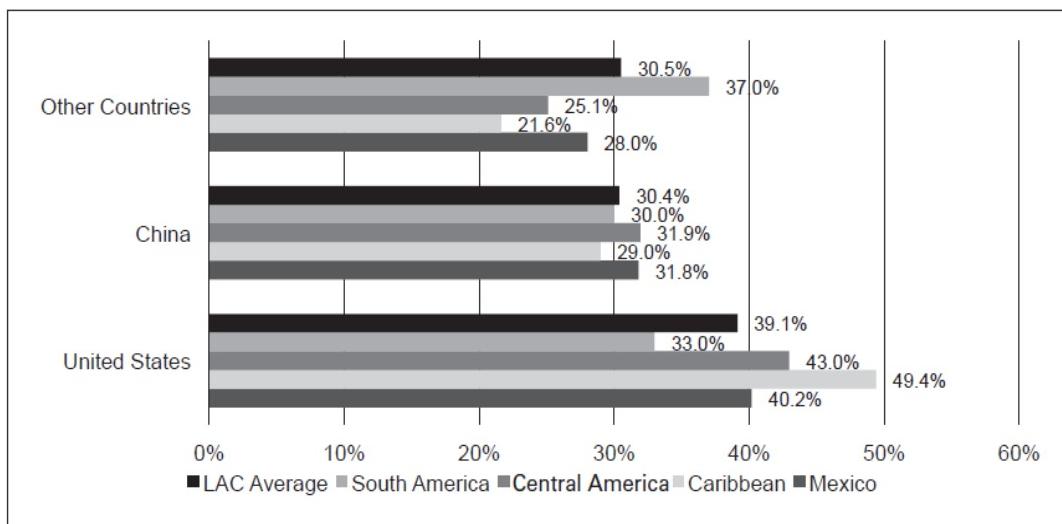


Figure 2. U.S., PRC Future Influence Polls.¹⁶²

Among the U.S., the PRC, or other countries, which one has the most influence in Latin America/Caribbean?

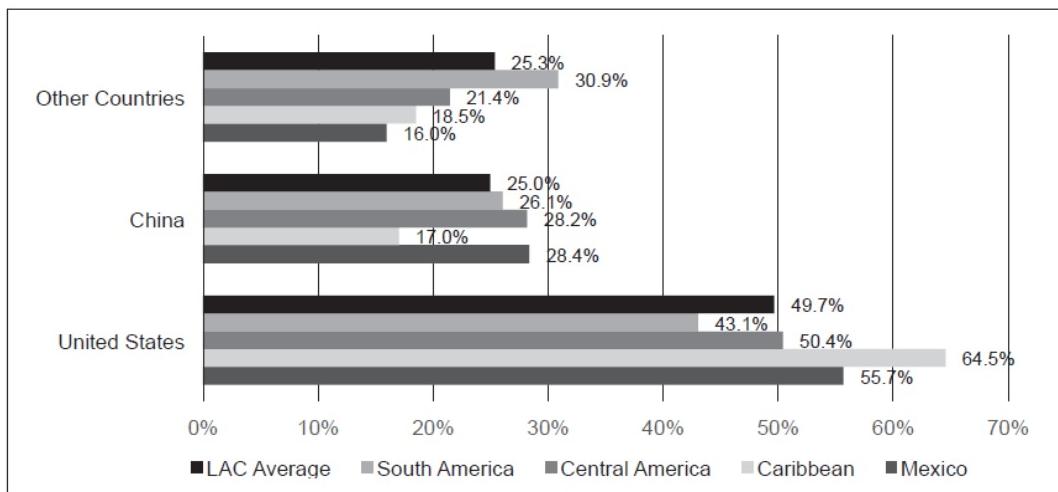


Figure 3. U.S., PRC Influence Polls.¹⁶³

¹⁶² Source: Enrique Dussel Peters, Adrian Hearn, and Harley Shaiken, "China and the New Triangular Relationships in the Americas: China and the Future of US-Mexico Relations," *University of Miami Center for Latin America Studies*.

¹⁶³ Source: Enrique Dussel Peters, Adrian Hearn, and Harley Shaiken, "China and the New Triangular Relationships in the Americas: China and the Future of US-Mexico Relations," *University of Miami Center for Latin America Studies*.

On the UN voting alignment front, Mexico's General Assembly (UNGA) voting trends continue its trend away from U.S. voting habits. In 2002, Mexico voted with the U.S. 23 times while it voted opposite the U.S. 62 times.¹⁶⁴ By the same method used in the previous section accounting for participation, this means Mexico voted with the United States 27.1% of the time in the UNGA.¹⁶⁵ This does not represent a marked change from the position Mexico occupied before China's main interaction with the hemisphere.

D. MEXICO, CHINA, AND THE UNITED STATES: ANALYSIS

In order to close out the data just presented, it is necessary to now look at how this thesis' central hypothesis works as compared to the alternate hypotheses for the case of how China's increased presence in Mexico affected United States influence in Mexico against this paper's argument.

CH: If China's presence in a Latin American country increases and a strong bilateral relationship with the United States existed prior to said increase, then U.S. influence in the country will be insulted from decline.

Historical institutionalism best illustrates what happened in Mexico's case with increased Chinese presence in Latin America. Because U.S.-Mexico relations were already strong and fortified by deep historical ties, especially through NAFTA, and the institutional links following its implementation, China's presence was unable to negatively impact U.S. influence in the country. Instead of becoming a benefactor to Mexico and creating enough inertia to degrade U.S. influence, China's presence as a competitor to Mexico economically helped push Mexico closer to the United States. Militarily, China did not penetrate U.S. influence meaningfully, as America continued to operate with the Mexican military in all meaningful ways to maintain their improving trajectory there. Not only did American military assistance to Mexico increase more than before 2001 upon China's introduction, but Mexico began operating in joint exercises

¹⁶⁴ U.S. State Department, UN Voting Record, <https://www.state.gov/documents/organization/21488.pdf>.

¹⁶⁵ Ibid.

more than before 2001. China's presence alone was not enough to create a critical juncture within U.S.-Mexico relations. Instead, U.S. involvement with Mexico increased resulting in positive growth for U.S. influence in Mexico.

AH₁: If there is increased Chinese presence in Latin America, then United States-Latin American relations will be negatively impacted.

Power transition theory does not properly describe the relationship between China and Mexico and the U.S. and Mexico because Mexico is not attempting to balance away from the United States in response to China's increased involvement. On the contrary, Mexico and the United States operate more closely than before China's main introduction into the region. Nothing about the relationship between China and Mexico and China's increased involvement in Mexico points to a rebalancing of power against the U.S. in China's favor. Economically, U.S.-Mexico relations were already considerably strong, but after 2001, the relations increased significantly. Instead of displacing U.S. economic might, China's presence instead served as a type of competition for the U.S. market's strong desire for raw materials. Mexico's fear of Chinese introduction into Mexican markets were so strong, it only agreed to China's WTO entrance under conditions where their domestic market was allowed time to adjust to Chinese goods. Where China deals with Mexico on a limited basis militarily, the U.S. continued its trend of increasing not only military sales, but also training of the Mexican military. And while exercise cooperation is still in its early stages, Mexico's government shows signs of increased calm at jointly operating with the U.S. military.

AH₂: If there is increased Chinese presence in Latin America, then relations between Latin America and the United States will be improved.

While the liberal theory hypothesis correctly predicts the nature of the outcome between Mexico and the United States, the increased presence of China is not explained by increased interdependence between the three nations, but the continued relevance of the Mexico and United States relationship. While China's interaction and cooperation with Mexico is primarily in the economic realm, the U.S. interaction with Mexico was economic, military, and political before and after 2001. Chinese involvement, while

dynamic and important for Mexico served to make Mexico a market competitor rather than an eager vessel where influence is improved. Furthermore, a liberal theory answer to this question would mean Mexico and China would increase institutional cooperation with each other and this cooperation alongside U.S. cooperation would improve U.S. influence, but these steps are barely taken. Again, United States influence improves economically and militarily, but United States involvement in Mexico increased considerably to help this happen. Chinese institutional integration into Mexico existed mostly in the economic sector and altered the political sector very little. Thus, it is a mere coincidence that the outcome predicted by the liberal model projects the same outcome as what occurred in this situation.

AH₃: If there is increased Chinese presence in Latin America, then relations between Latin America and the United States will be negatively impacted as Mexico becomes more economically dependent on China.

The economic dependence argument possesses elements that explain the outcome, but misses in predicting the outcome. While Chinese investments in Mexico were substantial, they were in the end, far less than United States economic investment in Mexico. China's trade with Mexico increased impressively from 2001 on, but U.S. investments also never stopped growing, and the interdependence already established with NAFTA encouraged continued economic reliance not on China, but on the United States. Also, detrimental to the economic dependence argument, China's economic investments yielded nearly nonexistent military investments in relation to U.S. military relations in Mexico. If the economic reliance on China was to usher in further military reliance, this never occurred. While U.S.-Mexico military to military relations continue needing improvements, Mexico-China military relations aren't grounded in the legacies and interests U.S.-Mexico military relations are.

AH₄: Chinese presence in Latin America alone cannot explain changes in U.S. Latin American relations. Instead, those changes will depend on the way the United States, Latin American Countries and China view each other. And this identity construction often takes place at the domestic leadership level.

Of the alternate hypotheses, the constructivist hypothesis comes the closest to the full picture of Latin American countries and their response to China's increased presence in the region, but still falls short of the full explanation. While China's presence alone is not the determining factor in displacing U.S. influence, China's influence and the United States relationship with Mexico are key parts of the story. In Mexico, China's presence increased Chinese interaction with Mexico economically, but it was this attention and continued heavy U.S. presence in Mexico that improved U.S.-Mexico relations instead of degrading them. Yes, China became more involved with Mexico, but this became a competition for U.S. market shares rather than a mostly beneficial relationship between Mexico and China. While economic interactions increased, the fourth alternate hypothesis does not really speak to why China did not substantially increase military to military involvement with Mexico past often superficial defense official visits. The political realm regarding Mexico's votes with the U.S. in the UN changed very little, while bilateral military relations improved. This bilateral improvement is explained in some aspect by U.S.-Mexico views of each other as the fourth hypothesis suggests, but this argument does not satisfy deeper inquiries as to why that occurs.

E. CONCLUSION

The relationship between the United States and Mexico is a regionally strong one, but not without its complexities. Instead of shepherding a distancing between the United States and Mexico, the most significant data and trends shown above indicate Mexico moved closer to the United States. In Mexico's case, while China and Mexico both expressed interest in becoming closer regional partners on military cooperation and economic ties, the depth of the relationship between Mexico and the United States is not moved here. Because China's presence challenges Mexico's role with the United States economically, China's failed to display real substantial interest in Mexico militarily, and politically China's economic presence in China fails to yield dislodging results for the United States, the relationship between the U.S. and Mexico seems too complex for China's mere increased presence to validate a decrease in influence. And finally, the enduring relationship established over time and fortified after the passage of NAFTA and the long history of military and political engagement provided insulation from China's

increased attention declining U.S. influence in Mexico. While Mexico's case showed insulated influence from Chinese presence, Brazil shows how Chinese influence in Brazil increases and U.S. influence is degraded through neglect.

III. BRAZIL

A. INTRODUCTION

In early 2013, it seemed U.S.-Brazil relations were taking a turn for the better. The new leader of Brazil, President Rouseff, and President Obama seemed to get along famously. Both countries made assurances their people could benefit from improved relations. Then, in July that same year, Brazil and the world publically discovered the United States kept covert tabs on foreign leaders, and more importantly, allies through the National Security Agency (NSA).¹⁶⁶ President Rouseff was among those spied on by the United States. It was a tremendous scandal for the world, but for U.S.-Brazil relations, it served to put a fledgling friendship back on ice when it just finished thawing.

Throw China into the mix and it is safe to fear the potential for a decrease in U.S. influence with respect to Brazil. When the global economy buzzed in the early 2000s, China focused its attention on emerging economies rich with natural resources for closer ties. One of those countries was Brazil. Before China's entrance into the World Trade Organization (WTO), relations between China and Brazil were superficial at best. There were trade relations between the two countries, but upon China's admittance into the WTO the relationship really rocketed to significance for Brazil. While the relationship between China and Brazil started as one of countries on rhetorically equal footing with comparable economies, this quickly became a case of competition between the two countries. This chapter will illustrate how China's increased presence in Brazil degraded United States' influence in Brazil because China's involvement in Brazil overcame U.S. involvement there. Brazil's most important strategic economic, military, and political partner became China. Areas such as trade once dominated by the United States became areas China dominated. United States neglect towards Brazil turned to opportunity for China. By discussing the status of U.S.-Brazil relations in the areas of the economy, their military ties, and their political ties it will become evident while the United States remains an important partner for Brazil, China's importance is more critical.

¹⁶⁶ BBC News, "Wikileaks: U.S. 'routinely spied' on Brazil," <http://www.bbc.com/news/world-latin-america-33398388>.

Brazil's interactions with the U.S. are plagued by disappointment and the same ups and downs much of Latin America experienced with the U.S. in early years. U.S.-Brazil relations started off better than U.S.-Mexican relations because no major war was fought between the United States and Brazil. While this has more to do with the geographical separation between the two countries than their historical intimacy, it still gives the two countries a better initial starting point than U.S.-Mexican relations. Similar to U.S.-Mexican relations, U.S.-Brazil relations' watermark was World War II where Brazil decided to join the West's liberation of Europe contributing heavily to allied efforts in the Mediterranean. One of the America's first major disappointments from Brazil's perspective was Brazil failing to gain a permanent seat on the Security Council.¹⁶⁷ This resentment carried forward through other policies from Brazil and helped Brazil become a constant regional competitor to the United States from a foreign policy point of view.

Brazil most consistently pursued regional integration over heavy reliance on U.S. regional hegemony. Institutions such as MERCOSUR were established to bring South America closer together, but with Brazil as one of the main players, it was also leveraged as an attempt to counter U.S. weight in the region unsuccessfully.¹⁶⁸ During the Cold War, Brazil generally supported the U.S., through the OAS the UN, but America still never rewarded Brazil with the true international recognition it desired: a permanent seat in the Security Council.¹⁶⁹ Thus, U.S.-Brazil relations before the 1990s were the result of a careful dance between competition and cooperation between the two countries regionally and globally.¹⁷⁰

¹⁶⁷ Alfred P. Montero, *Brazil: Reversal of Fortune* (Cambridge: Polity Press, 2014), 154.

¹⁶⁸ Ibid.

¹⁶⁹ Ibid.

¹⁷⁰ Ibid.

B. BEFORE CHINA

1. Asymmetrical and Tense Economic Relationship

The most effective way to describe U.S.-Brazil economic relations is describing it as uneven and tense. After World War II, the United States and its allies founded institutions making up the financial and regulatory world order most of the globe still relies on today. Brazil is partner to most of these institutions and a founding member to ones such as the United Nations. While the United States established these institutions to promote neoliberal policies for the world to follow, Brazil is a constant critic of developed economies preaching free trade when it suits them, but keeping tariffs on pet industries domestically. Foreign direct investment (FDI) from the U.S. in Brazilian businesses was a bright spot for relations between the two. In 1990, U.S. FDI was \$14 billion and by 2001, it reached \$36 billion.¹⁷¹ That's compared against the \$269 billion to Latin America as a whole from the U.S. in 2001.¹⁷² Put another way, Brazil occupies 13% of the FDI America injects into the region. Displaying the mixed economic relations between the two, U.S. FDI to Brazil dropped by percent of total FDI of all contributing countries to Brazil from 2000's 29.4 percentage to 2001's 20.6%.

Another not so bright spot was tradition export/import trade between the two countries involving raw materials and commodities exported to the U.S. while American companies sell more advanced manufactured goods to Brazil. Table 4 is a year-by-year picture of export and import trade between the two countries until 2001.

¹⁷¹ Jeffrey Schott, "US-Brazil Trade Relations in a New Era," *Institute for International Economics* (2003), 5.

¹⁷² Adapted from the Bureau of Economic Analysis, 2003.

Table 4. U.S. to Brazil Trade (millions US\$)¹⁷³

	Exports	Imports
1990	5,047	7,898
1991	6,147	6,716
1992	5,751	7,609
1993	6,058	7,478
1994	8,101	8,682
1995	11,439	8,832
1996	12,717	8,773
1997	15,914	9,625
1998	15,141	10,101
1999	13,202	11,313
2000	15,320	13,852
2001	15,879	14,466

Table 4 shows lackluster trade between the two countries for most of the 1990s. Trade picked up in the late 1990s and oscillated around the same area until 2001.¹⁷⁴ U.S. imports from Brazil tell a similarly unimpressive story where trade grew with Brazil, but only gradually. This 10-year snapshot of exports and imports begins to paint the picture where economic relations between the two countries did not force the kind of cooperation and integration seen in the economic relationship between Mexico and the United States.¹⁷⁵

¹⁷³ Adapted from U.S. Census Bureau, <https://www.census.gov/foreign-trade/balance/c3510.html>.

¹⁷⁴ United States Census Bureau, <https://www.census.gov/foreign-trade/balance/c3510.html>.

¹⁷⁵ Schott, “US-Brazil Trade Relations in a New Era,” 5.

As previously mentioned, the tension between the two countries economically stems from U.S. promotion of free trade policies and the disappointment seen in Brazil's progress towards this development.¹⁷⁶ While Brazil continues to point out the substantial steps it feels it makes to continuing liberalization, it also criticizes America for preaching free trade policies while not fully implementing them in the U.S.¹⁷⁷

2. Pragmatic Military Engagement

In the same manner the United States and Brazil cultivated a complex and changing economic relationship, so too did their militaries interact and develop complex, but established relationship. U.S.-Brazil military relations go back substantially as far as World War II. Brazil considered itself a main ally of the United States at the close of World War II and with bilateral agreements such as the Joint Brazil United States Defense Commission established in 1942.¹⁷⁸ Domestic struggles and military coups in Brazil coupled with the continuously changing foreign policy of the United States towards Latin America provided distance between the two countries following 1945. The United States sought to balance regional power between Brazil and its regional adversaries Chile and Argentina.¹⁷⁹ To this end, military leaders lost influence in the foreign policy execution of military sales for Latin America and the U.S. imposed spending limits for the regions while turning its focus on countering communism.¹⁸⁰

Brazil and the U.S. maintained military to military dialogue where the primary purpose from a Brazilian point of view was gaining access to technology and training aimed at modernizing Brazilian armed forces with an eye to regional hegemony relative to Argentina most notably. While Brazil relied on American exports of arms and technological defense spending to help modernize their military, in no year from 1992–

¹⁷⁶ Monica Hirst, "Understanding Brazil United States Relations: Contemporary History, Current Complexities and Prospects for the 21st Century," *Fundacao Alexandre De Gusmao* (2013), 19.

¹⁷⁷ Montero, *Brazil: Reversal of Fortune*, 161.

¹⁷⁸ Eduardo Munhoz Svartman, "Brazil United States Military Relations During the Cold War: Political Dynamics and Arms Transfers," *Brazilian Political Science Review* (2011): 78.

¹⁷⁹ Ibid.

¹⁸⁰ Ibid.

2001 was U.S. defense sales to Brazil the top or second most of all countries contributing to Brazilian defensive arms. Table 5 accounts for all countries' defense sales to Brazil from 1992 to 2001 in millions of dollars. The table displays how Brazil diversified its defense sales imports away from the United States and relied on an index of suppliers for its desire to become a regional power in South America.

**Table 5. Total Defense Sales to Brazil by (Top 4) Countries
(in millions US\$)¹⁸¹**

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	TOTAL
Belgium						4	3	1	7		101
Germany				75	2	81		91			584
United Kingdom	7	7	7	94	08	82	3	0			1008
United States			7		5	31		1	2	11	364
Total	9	7	59	26	34	37	0	63	0	17	

Of the countries contributing to the Brazilian military, the United States stands as Brazil's 4th largest sales partner.¹⁸² This helps in understanding why U.S. Brazil relations and, more importantly, U.S. influence in Brazil did not start from a position of strength before 2001 as other regional partners in Latin America did.

3. Cooperation with Divergent National Interests

The political relationship between the United States and Brazil is as complex as the economic and military relationship before 2001. While the United States is a clear world power and instrumental in several key relationships across the globe, Brazil sees

¹⁸¹ Adapted from SIPRI Database.

¹⁸² SIPRI Database, http://armstrade.sipri.org/armstrade/html/export_values.php.

itself as a nation with less power than it deserves.¹⁸³ While a beneficial relationship with the U.S. is part of a complex form of strategic diversification for Brazil, the U.S. does not see Brazil as holding the same importance as other regional allies.¹⁸⁴ Where other Latin American partners enjoy a historical significance with the United States such as Mexico or Colombia, Brazil's careful balancing to not rely too heavily on the United States economically or military translates to less interdependence between the two. This little integration combined with the countries often-contentious disagreements on the international stage creates a strained but existent political relationship.

Brazil and the United States coordinate heavily through the United Nations.¹⁸⁵ While Brazil's primary focus is on South American regional issues for foreign policy, one of the greatest contributions Brazil makes to global foreign policy is through its peacekeeping missions. Brazil participated in peacekeeping missions to El Salvador, Mozambique, and East Timor even sending the "largest military force it has sent since World War II" in Angola.¹⁸⁶ As of 2001, Brazil contributed 100 peacekeepers to the UN including observers, trainers, and troop personnel.¹⁸⁷ While Brazil contributes reliably to UN peacekeeping efforts, voting records with the U.S. in the General Assembly (UNGA) is another divergence for the U.S. Brazil relations. In the year 2000, Brazil votes identical to the U.S. 23 times while voting opposite of the U.S. 35 times. Accounting for Brazil's voting absences, it voted with the United States 39.7% of the time.¹⁸⁸ By 2001, this total dropped to 29.0%.¹⁸⁹ This low alignment with U.S. votes in the General assembly represents the overall divergent foreign policies pursued by the two counties. This

¹⁸³ Montero, *Brazil: Reversal of Fortune*, 161.

¹⁸⁴ Monica Hirst, *The United States and Brazil: A Long Road of Unmet Expectations* (New York: Routledge, 2005), 42.

¹⁸⁵ Albert Fishlow, *Starting Over: Brazil Since 1985* (Washington, DC: Brookings Institute, 2013), 182.

¹⁸⁶ Hirst, *The United States and Brazil: A Long Road*, 43.

¹⁸⁷ Source: UN Database, http://www.un.org/en/peacekeeping/resources/statistics/contributors_archive.shtml.

¹⁸⁸ Source: U.S. State Department Database, <https://www.state.gov/documents/organization/1978.pdf>.

¹⁸⁹ Source: U.S. State Department Database, <https://www.state.gov/documents/organization/12167.pdf>.

divergence between the two defines the often tense, but still productive relationship between them.

C. AFTER CHINA: HOW MUCH DID CHINA'S INVESTMENT IN BRAZIL ALTER THE U.S.-BRAZIL RELATIONSHIP?

Brazil recognized China in the 1970s and this reintroduction started an amicable relationship. By the year 2000, Brazil considered China a peer and thus envisioned altering the status quo of the world together with China. Their economies were comparable, but domestic policies brought China's economy to global primacy faster and more explosively than Brazil's.¹⁹⁰ In 2001, Brazil agreed to accept China as a market economy, which paved the way for its entrance into the WTO as a full member.¹⁹¹ The door Brazil helped open for China helped pave the way for enormous Chinese investments and heavy involvement in the Western Hemisphere. China influenced Brazil economically, militarily, and politically. After discussing the extent of China's involvement in Brazil, it will be clear through the United States' neglect and China's actions, the U.S. lost influence in Brazil.

1. Reshaped Interdependent Economies

China's entrance into the WTO immediately brought economic benefits for Brazil. Under the banner of BRICS (Brazil, Russia, India, China, South Africa) cooperation Brazil and China envisioned even closer economic relations that may spring other positive relations.¹⁹² The strength of the Chinese economy brought on strengths in the Brazilian economy. Both Brazil and China started lowering tariffs between their countries immediately.¹⁹³ Table 6 describes how much China and Brazil traded after 2001.

¹⁹⁰ Montero, *Brazil: Reversal of Fortune*, 164–165.

¹⁹¹ Renato Bauman, “Some Recent Features of Brazil China Economic Relations,” *Economic Commission for Latin America and the Caribbean* (2009): 2

¹⁹² Bauman, “Some Recent Features of Brazil China Economic Relations,” 1

¹⁹³ Bauman, “Some Recent Features of Brazil China Economic Relations,” 2

Table 6. Brazil Export/Imports to China (US\$)¹⁹⁴

Year	Exports	Imports
2002	2,520,978,671	1,466,382,340
2004	5,441,745,722	3,674,104,212
2006	8,402,368,827	7,380,105,731
2008	16,403,038,989	18,807,457,292
2010	30,752,355,631	24,460,651,866
2012	41,227,540,253	33,416,633,342
2014	40,616,107,929	34,877,620,579

The amount of trade between Brazil and China and the growth of this trade is quite significant. Trade during the same period with the United States follows in Table 7.

Table 7. Brazil Export/Imports to U.S. (US\$)¹⁹⁵

Year	Exports	Imports
2002	15,559,315,191	12,408,778,636
2004	20,403,165,980	13,862,967,182
2006	24,774,417,482	19,227,471,941
2008	27,734,718,957	32,909,857,685
2010	19,240,185,206	35,417,484,011
2012	26,849,876,493	43,771,024,012
2014	27,144,925,429	42,427,834,222

¹⁹⁴ Source: UN Comtrade Database, <https://comtrade.un.org/data/>.

¹⁹⁵ Source: UN Comtrade Database, <https://comtrade.un.org/data/>.

Exports and imports from China grew faster in nearly every measurement after China joined the WTO.¹⁹⁶ This makes sense, as the China and Brazil possessed trade history, but only after 2001 did both countries coordinate to allow more free trade between the two of them. Perhaps more significant, in 2010 trade between China and Brazil eclipsed the raw amount of trade between the U.S. and Brazil. This is significant because this is not just the story of Brazil, but also many other Latin American countries. After 2001, China eventually displaced the United States in nearly all of Latin America as the overall largest trading partner for most countries.¹⁹⁷ The dangerous part for Brazil in dealing with China is the trade imbalance between the two. This is a very similar situation Brazil encounters with America as most exports to Brazil from both countries remains high end manufactured items while Brazil exports primarily commodity based items to both.¹⁹⁸ This makes sense because the more advanced an economy gets as the case with China or the U.S., the more the need for raw materials becomes to service its advanced manufacturing industry.

2. Low Military Involvement

While the economic relationship between Brazil and China is robust and served to displace the U.S. in terms of top trading partner, Brazil is more apprehensive in dealing with the Chinese military in terms of arms sales. Specifically speaking there are no military-to-military sales that take place between China and Brazil.¹⁹⁹ From 2001 to present, Brazil and China's military interactions revolve solely around high-level defense official interactions. In 2009, Brazil's defense minister joined his Chinese counterpart in Beijing for an agreement on further cooperation.²⁰⁰ The countries agreed to officer exchange programs, joint military coordination for peacekeeping purposes, and military

¹⁹⁶ Source: UN Comtrade, <https://comtrade.un.org/data/>

¹⁹⁷ Ronin Pineo, "China and Latin America: What you need to Know," *Council on Hemispheric Affairs* (2015).

¹⁹⁸ Rhys Jenkins, "China and Brazil: Economic Impact of a Growing Relationship," *Journal of Current Chinese Affairs* 41 (2012), 24

¹⁹⁹ SIPRI, <http://armstrade.sipri.org/armstrade/page/values.php>.

²⁰⁰ Xinhua News, "China and Brazil Reach Five Point Consensus to Strengthen Military Exchanges," http://news.xinhuanet.com/english/2009-11/17/content_12471017.htm.

and civilian industry exchanges.²⁰¹ In 2013, another similarly high-level meeting took place between the Director for Strategic Studies for Brazil and a high-ranking PLA official.²⁰² Similar to the aforementioned meeting, the countries agreed to more coordination and continued military-to-military dialogue due to their countries’ “broad consensus on international affairs.”²⁰³ These high-level meetings in Brazil are matched with similar high-level meetings between the United States and Brazil. In 2010, Secretary of Defense Gates met with Brazilian Defense Minister Jobim.²⁰⁴ Similar to the Chinese defense officials Brazil has met, the U.S.-Brazil meeting stressed continued dialogue in order to bring the two countries militaries closer together. The officials also committed to increased exchange opportunities and defense sales to help the Brazilian military continue its goal in modernization. As both the United States and Brazil both offered up their respective high-level meetings throughout the years after 2001, neither side neglected Brazil in this manner. Neither particular country outplayed the other militarily.

In this area, the United States need not worry about China’s presence affecting its influence in the military realm. As shown earlier in this paper, Brazil seeks a pragmatic distributive arms sales buying method that includes the United States, but does not rely most heavily on it.

As Table 8 shows, the U.S. defense sales total over the same amount of time as before China’s entrance into Brazil shows no relative growth of its position relative to other countries supplying arms to Brazil. In this area, U.S. influence with Brazil cannot be assessed as degrading or improving as China simply is not a player in the military realm.

²⁰¹ Ibid.

²⁰² People’s Daily Online, “China and Brazil Agree To Strengthen Military Ties,” <http://en.people.cn/90786/8214279.html>.

²⁰³ Ibid.

²⁰⁴ The White House, Office of the Press Secretary, Fact Sheet: US-Brazil Defense Cooperation, <https://obamawhitehouse.archives.gov/the-press-office/2012/04/09/fact-sheet-us-brazil-defense-cooperation>.

Table 8. Total Defense Sales to Brazil by (Top 5) Country (millions US\$).²⁰⁵

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL
France	8	8	8	9	4			8	5	5	421
Germany				5	37	72	7	3	7	0	545
Israel	0	0	0		1	9	8	1	7	7	191
Russia					7	8	6		5		172
United States	8	9	3		4	4	11	9	7	5	410
Total	6	7	15	2	03	01	10	71	71	83	

3. Gaining in Favorability

China's political fortunes in Brazil are closely linked with the current track of Brazil's leaders coupled with the intense economic relationship with China that Brazil relies on for its growth. The ambitions of Brazil to change the scope of the international order and who influences this order is a key area of agreement between the two countries. This comes at the expense of U.S. influence globally. In 2010, the International Monetary Fund, a major international development organization allowed emerging market economies more voting power.²⁰⁶ While founded on the strength of countries whose economies were once dominating in the 1940s and 1950s, the IMF admitted to shifting the voting percentage around in favor of BRICS, but was implemented in 2016.²⁰⁷ This shift saw the coordination of emerging market allies Brazil and China to enact the deal. While the United States lost less than 1% of its voting share, this type of coordination and

²⁰⁵ Adapted from SIPRI Database.

²⁰⁶ The BRICS Post, "IMF Reforms: China, India, Brazil, Russia Get Greater Say," <http://thebricspost.com/imf-reforms-china-india-brazil-russia-get-greater-say/#.WK02039UX5g>.

²⁰⁷ Ibid.

dealing between China and Brazil shows closeness politically on revisions of international institutions.

Chinese coordination with Brazil produced favorable opinion poll rating for China also. In 2014, Pew Research asked whether citizens from Brazil viewed China favorably or not. Brazilians split this answer down the middle: 44% of respondents replied favorable and unfavorably towards China.²⁰⁸ In the same survey that year, Brazilians answered the same question, but with United States as the subject. In this case, 52% of respondents said they harbored favorable opinions of the United States. While this seems promising for the United States, it is a score 17% lower than the same question asked a year prior.²⁰⁹ While China did not claim the lost approval from ordinary citizens lost by the U.S., public perception decidedly declined for the U.S. during this period. While alone not disconcerting, U.S. political influence in Brazil is more easily eroded when the people do not see America favorably. It makes defying the United States much easier.

Defiance of the U.S. is not rare for Brazil. Brazil is consistently a poor performer regarding its alignment with America's votes in the UNGA. In 2002, Brazil voted with the United States 26 times, but voted opposite 58 times for a parallel percentage of 31%.²¹⁰ In 2014, that percentage grew to 37.7% agreement percentage.²¹¹ While that percentage shows more agreement in votes in the UN, it still represents the lower half of countries when grading their vote consensus with the U.S. It is not a loss of influence for the United States for this metric, but it should not be seen as a positive Brazil is among the countries who disagree with the United States most in the UNGA.

Brazil's position in the UNGA is a defiant one with the U.S., but its turns out China and Brazil are not on perfect terms here either. While China and Brazil team up for various efforts through the United Nations, China opposed one of the most important aspects of political importance to Brazil. Since the early 20th century, Brazil sought

²⁰⁸ Pew Research Center, "Global Opposition to U.S. Surveillance and Drones, But Limited Harm to America's Image," <http://www.pewglobal.org/files/2014/07/2014-07-14-Balance-of-Power.pdf>.

²⁰⁹ Ibid.

²¹⁰ U.S. State Department Database, <https://www.state.gov/p/io/rls/rpt/2002/vtg/index.htm>.

²¹¹ U.S. State Department Database, <https://www.state.gov/p/io/rls/rpt/2015/practices/260115.htm>.

permanent status in the then League of Nations, and after 1945, the UN Security Council. When Brazil allowed China to join the WTO in 2001, it believed support for its position in the UNSC would follow, but China pulled this support. In the same field, the United States also never expressed explicit support for adding Brazil to the permanent members of the UNSC despite Brazil's continued desire.²¹² Brazil's potential rise to permanent status to the UNSC is viewed as a natural progression as a champion of developing countries. As Brazil showed in the past by the establishment and heading of the G-20, which represented prominent developing nations, Brazil seeks the permanent seat as an expression of the voices of the emerging world.²¹³ This is made complicated for China and the United States to support because allowing any change to the UNSC power structure is contentious, but Brazil is not the only country asking for changes here. India, Germany, and Japan are all also seeking permanent member status. When Brazil teamed with India for a joint push to gain membership, China's regional ally Pakistan pressured China to oppose such a move.²¹⁴ While worthwhile strategically, this move by China did not improve relations with Brazil politically; Brazil saw this as a direct rebuff of their ambitions.

D. BRAZIL, CHINA, AND THE UNITED STATES: ANALYSIS

Different from the Mexico case, Chinese presence affected United States influence in Brazil more significantly. Where Mexico improved its relations with the United States after China's major presence there, Brazil moved away from U.S. influence slightly. Discussing this thesis' central hypothesis followed by the four main alternative hypotheses can help illustrate where their explanations lack explanatory power in the Brazilian case.

²¹² Montero, *Brazil: Reversal of Fortune*, 158, and Joao Augusto de Castro Neves, "Brazil wants Some Security Council Love. But it Won't Get It," *Foreign Policy* (2012), <http://foreignpolicy.com/2012/04/03/brazil-wants-some-security-council-love-but-it-wont-get-it-yet/>.

²¹³ Michael Reid, *Brazil: The Troubled Rise of a Global Power* (Totton: Yale University Press, 2014), 243.

²¹⁴ Atul Aneja, "China Falls Short of Backing India for a Permanent U.N. Seat," *The Hindu* (2015), <http://www.thehindu.com/news/international/world/china-falls-short-of-backing-india-for-a-permanent-un-seat/article7098822.ece> and Carlos Periera, "Brazil and China: South-South Partnership or North-South Competition," *Foreign Policy at Brookings* (2011), 8–9.

CH: If China's presence in a Latin American country increases and a strong bilateral relationship with the United States existed prior to said increase, then U.S. influence in the country will be insulted from decline.

The historical institutional argument presented in the thesis best explains the decline of U.S. influence in Brazil described in this section. Brazil's relationship with the United States declines, not only because of general United States neglect of the large South American country, but because of a heavy exogenous force called China pushing hard and thus successfully replacing the United States as the most important strategic partner for Brazil. The weak relationship between the U.S. and Brazil is the foundation and China's involvement economically coupled with similar national interests represent a force strong enough to become a critical juncture in U.S.-Brazil relations. Though Brazil's involvement with the U.S. is old and beneficial to both countries at times, after 2001, Brazil and the United States relations were weak and ripe enough for declining U.S. influence. The United States does not support Brazilian interests politically like its rise to the UNSC as a permanent member. China eventually did not either, but at least China entertained that possibility and discussed terms with Brazil over this idea until Brazil made a tactical error uniting with India here. Brazil's military ties to both China and the U.S. are not strong and the ties Brazil does have with the U.S. are ties diversified enough where it does not need the U.S. in that area. Finally, the sheer strength and growth of China's economic interests in Brazil's raw resources overcame U.S. interests in to become Brazil's number one trading partner. This paper argues only weak institutional choices over the history of U.S.-Brazil relations coupled with China's interest in Brazil could have allowed this decline in U.S. influence.

AH_I: If there is increased Chinese presence in Latin America, then United States-Latin American relations will be negatively impacted.

The power transition hypothesis suggests that increased Chinese involvement in Brazil will affect U.S. influence negatively, which in this case proves true. The why behind such a degradation of influence occurred is not rooted in power relations, however, which diminishes the usefulness of the power transition theory for this case. Power politics meant less to the Brazil and China relationship because China shows

almost no interest in Brazil militarily speaking and Brazil does not seek to challenge the United States militarily. Brazil's increased ties with China do not produce increased military sales or exercises with China as discussed earlier. Instead, over the more than 10 years since 2001, the countries remain at the high-level defense official or military leader phase of their military relationship. While the United States maintains military sales contracts and a military base with Brazil, the Chinese are content with these high-level official meetings with the Brazilians.

Power transition hypothesis also asserts the negative influence experienced by the United States comes from Brazil allying closer with China, but this is also not the case. The information presented in this section shows that while U.S. influence is damaged by increased Chinese presence, that lost influence does not translate to increased influence for China. Most importantly, the power transition theory does not account for how U.S. actions combined with Chinese presence results in declining U.S. influence in Brazil. Economic data presented above shows that while China surpassed U.S. trade in 2010, but it also shows U.S. trade with Brazil not nearly as consistently dynamic as China's trade flows with Brazil. China was able to take advantage of this weak point economically to exploit American economic influence in the country.

AH₂: If there is increased Chinese presence in Latin America, then relations between Latin America and the United States will be improved.

Similarly, liberal interdependence misses the mark regarding assessing China's impact on U.S. relations with Brazil. The liberal theory hypothesis predicted that increased Chinese influence in Brazil would benefit U.S. influence in Brazil because any increased integration of China in the region also helped the United States by decreasing the likelihood of conflict. This hypothesis leaves out that fact that U.S. Brazil relations are such that little meaningful institutional structure exists between the two suggesting closer cooperation and interaction to benefit both countries in the addition of a third party. Information presented in this chapter shows often opposing national interests between U.S.-Brazil relations that keeps both nations from moving closer together. In Brazil, as China's presence in the country grew, United States presence diminished economically. Now, a significant amount of Brazilian goods flow to and from China from

Brazil while China is not equally dependent on Brazilian imports. Furthermore, there are few institutional links between Brazil, China, and the United States that suggests war might be stopped or discouraged in the time since China's increased presence in the region, thus liberal interdependence falls short in explaining this case. While, Chinese arms sales never materialized in a meaningful way, no substantial military institutions exist that allow the U.S. to show genuine interest in Brazil's military, and it is not clear Brazil has much interest in closer U.S. military ties. Before 2001 and after 2001, U.S. military assistance and sales to Brazil existed, but took the back seat in both periods evaluated. While the U.S. military is a global one, Brazil and China's military share interests in peacekeeping missions and training not heavily participated in by the U.S. military. Liberal theory suggests that as countries cooperate more and form institutions to curb the naturally selfish desires of individual countries conflict chances decrease, but that does not seem to explain U.S. Brazil or Brazil-China relations here.

AH₃: If there is increased Chinese presence in Latin America, then relations between Latin America and the United States will be negatively impacted as Mexico becomes more economically dependent on China.

Economic dependency accurately uses the circumstances detailed above to correctly predict the outcome of Chinese influence on U.S. Brazil relations. This works based on the argument that China's economic might and importance in Brazil shifts the asymmetrical relationship it once slaved under with the U.S. to China. While Brazil and the U.S. enjoyed considerable trade, this weak institutional development allows for a change in U.S. influence to take place. The dependency based argument works best here because U.S. economic neglect of Brazil laid the foundation for China to build a robust status in the country as its most powerful trading partner. The dependency portion is exasperated as China does not need Brazil and China's economy does not rise and fall based on Brazilian demand. Brazil's economy does follow this trend. Brazil's economy is dependent on the low-level commodity-based trade and received advanced manufacturing in return, which directly competes with Brazilian manufacturing. The U.S. loses influence here, but that loss of influence is not necessarily a good thing for China.

The weakness of the economic dependence argument is evident in the military and political aspect of U.S.-Brazilian relations with respect to China. If Brazil becomes increasingly dependent on China's economy and pulls influence away from the United States, then why is there an uptick in Brazil's voting percentages with the U.S. in the UNGA? Little about the economic relationship between China and Brazil explains why this increases. Still, the voting percentages relative to other nations in the UNGA are quite low, but here there are still relationship factors in the political realm that remain unanswered by the economic dependency argument.

AH₄: Chinese presence in Latin America alone cannot explain changes in U.S. Latin American relations. Instead, those changes will depend on the way the United States, Latin American Countries and China view each other. And this identity construction often takes place at the domestic leadership level.

The constructivist argument does not necessarily apply here because United States neglect of Brazil coupled with American political divergence with Brazilian national interests help adequately account for the decrease in U.S. influence with respect to China's increased presence in Brazil. In this particular case, it does not reflect the situation that any hypothesis, including the historical institutionalist approach, can adequately describe the relationship development of the U.S. and Brazil after China's main involvement there.

E. CONCLUSION

The relationship between the United States and Brazil is not one of close partners cooperating for some common goal. Instead, it is a relationship whereas the global superpower, America shows interest in Brazil when it needs to and otherwise neglects their interests. This neglect is to China's gain. Of course, China and Brazil do not agree on everything, but they agree on a great much internationally. After 2001, China increased its trade interests in Brazil by more than doubling the raw dollar figure in total exports and imports to Brazil. Furthermore, China managed to surpass the United States as Brazil's number one trading partner. China's rise in Brazil coupled with U.S. general malaise in Brazil created the relationship poor enough to cause a degradation of influence

in Brazil. China's increased economic investment in Brazil made the country more reliant on Chinese performance than American performance and thus U.S. influence suffered for it.

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IV. CONCLUSION AND RECOMMENDATIONS

A. U.S., CHINA, AND LATIN AMERICA

The U.S.-Latin American relations require careful attention and time may be running out for the United States to have the frank and peer-level conversation it needs in the region.²¹⁵ The aforementioned quote describes the U.S. influence faces in 2017 in the shadow of an American administration signaling important policy changes with the potential to change relations in the region. This signaling placed together with China's increasing eagerness to turn the eyes of many Latin American countries constitutes the formation of a critical juncture for U.S.-Latin American relations. The focus of this paper was to determine if the United States should fear a loss of influence in Latin America due to increased Chinese presence in Latin America. After taking a look at relations between two countries, Mexico and Brazil, before and after China's entrance into the WTO, something becomes clear. U.S. influence is as much dependent on U.S. actions as they are of China's growing interest in the region and what the region has to offer. This paper asserts that the relationship established by the history of choices between the United States and Latin America determines the susceptibility of a given Latin American country to Chinese influence. That thesis, derived from historical institutionalism's path dependency is careful not to say change of U.S. influence in a country with strong institutional support in the past is impossible. Instead, this paper argues the history of interactions between the United States and Latin America makes some nations more difficult to deviate from U.S. influence by nature of their history together.

Economically, the United States continually invests heavily in Latin America as indicated in the case chapter preciously. Both Mexico and Brazil saw their trade with America increase almost every year for both countries. The countries diverge however, because while Mexico's increases continue to be the most important and the number-one trading relationship, Brazil's increases from the United States are eventually dwarfed by the investments and relationships provided by the Chinese government. See Table 9.

²¹⁵ ChinaFile, "Is the U.S. Withdrawal China's Gain in Latin America?," March 2017, <http://www.chinafile.com/viewpoint/uss-withdrawal-chinas-gain-latin-america>

Table 9. Combined Brazil and Mexico Exports/Imports with U.S.
(millions US\$)²¹⁶

Brazil/U.S.	Exports	Imports
2002	155,593	124,087
2004	204,031	138,629
2006	247,744	192,274
2008	277,347	329,098
2010	192,401	354,174
2012	268,498	437,710
Mexico/U.S.	Exports	Imports
2002	97,470	134,616
2004	110,731	155,901
2006	133,721	198,253
2008	151,220	215,941
2010	163,664	229,985
2012	215,875	277,593

Important to note from the export/import data, when laid next to each other, is the raw figures involved here and the increase reflected by those raw numbers. Brazil's raw investments to and from the United States are almost consistently more significant than Mexico's investments, so why is there a decrease of influence in Brazil, but not Mexico economically. This arises because of the growth of the U.S.-Mexico relationship where the U.S. Brazil relationship faltered. In every period shown, Mexico experiences an increase in trade with the United States. Demand continues to rise every two years as

²¹⁶ Adapted from UN Comtrade Database.

shown, and it does not abate. Conversely, Brazil's trade with the United States waxes and wanes quite similar to United States interest in Brazil. Depending on what the U.S. needs at the time will depend on how much of what Brazil needs is important to America. This history and the weak institutions formed as a result of this relationship as opposed to the strong institutions formed by U.S.-Mexico relations helps explain whether U.S. influence will be affected by China's growing presence.

The military relationship displayed between the United States and the two countries shows a similar story where Mexico is given genuine interest and thus continues to support this paper's path dependency argument, where Brazil's military relationship is less substantial. The U.S. backs up high-level defense official visits with massive arms sales, joint military exercises, and personnel training. This investment in Mexico's military force is partially a selfish endeavor as both countries share one of the world's longest borders. America clearly understands that a strong Mexico means a strong United States and oriented its military training to help Mexico fix Mexico's problems. Brazil shares no such border with the United States so it seems easier to focus less military attention there. While America sells large amounts of defense materials to the Brazilians, it is by no means indispensable to them. The United Kingdom, not America over the past 20 years continues to be Brazil's most important military partner. Again, while not wholly America's folly, this reflects the poor relationship between Brazil and the U.S. Militarily speaking, China's strength in Brazil is not here. China was not before 2001 and is not now an important military partner for Brazil. In the military area, the degraded state of affairs with the U.S. is between those two countries only.

While the military area tells a mixed story regarding Brazil and Mexico as a case study on changing U.S. relations, the political story is also a less consequential result when compared to the economic realm's impact on U.S.-Latin American historical institutions. Politically, Latin American countries have a history of cooperating with America in some areas and dissenting from the United States in other areas. China's introduction to the region did not change this notion, but merely highlighted these differences. This was especially the case regarding Brazil. While Mexico's main dissent against the United States was for the Iraq War, which it did not support, Brazil is

habitually a country that votes opposite of the United States. After 2001, China began investing heavily in the country, and Brazil continued to remain in the bottom 50% of countries that regularly vote opposite the United States in the UNGA. China's ability to penetrate Brazilian trade and become Brazil's top trading partner in 2010 merely helped slide U.S. influence further away from the country.

This thesis in no way seeks to claim once countries have poor relationships with the U.S. in Latin America things will remain that way. It does, however, argue the longer countries in Latin America are on a certain path paved by the history of choices made by both countries and the direction they move based on the critical junctures that come their way will determine how well countries like China are able to change the status quo. In this situation, China was able to alter the status quo and diminish U.S. influence in Brazil because relations were already poor. Alternately, due to the regionally strong relationship bound by the institutions established between Mexico and China, no such diminishment occurred in U.S.-Mexico relations. The economic engagement and military cooperation joined together to make U.S. influence in Mexico insulated from China's increased interests in the region.

B. COMBINED CASE HYPOTHESIS ANALYSIS

Now that both cases are laid out and an individual discussion of their merits to this thesis' question is finished, it is necessary to discuss all hypotheses together for concluding thoughts on this subject and close with why the historical institutionalist argument best suits this question.

CH: If China's presence in a Latin American country increases and a strong bilateral relationship with the United States existed prior to said increase, then U.S. influence in the country will be insulated from decline.

The historical institutional argument presented in the thesis best explains the decline of U.S. influence in both cases. After looking at a before and after picture of U.S. relations with both Mexico and Brazil and seeing how their economic, military, and political relations were affected, it seems clear the history of the countries' U.S. relationship matters. It is also clear that to pull U.S. influence away, a strong exogenous

force is required, even when U.S. relations with a country, like Brazil, are already contentious and competitive. Historical institutionalism best accounts for both aspects of this case to accurately predict whether U.S. influence is susceptible to decline with increased Chinese presence in Latin America.

AH₁: If there is increased Chinese presence in Latin America, then United States-Latin American relations will be negatively impacted.

The power transition theory argument initially sounds useful when dealing with any discussion where there seems to be competition between the U.S. and China. A closer look at the metrics used by the design of this question shows power transition is not so useful in this case. Power transition contends that as U.S. strength stagnates or declines in Latin America, China's growing strength and presence in the region will increase and U.S. influence will suffer as countries are increasingly drawn to China. This theory falters because it fails to account for the agency and strength of bilateral relations between the U.S. and a country in Latin America before China. In Mexico's case, U.S.-Mexico relations were relatively strong before China and only continued growing closer and stronger after China's involvement in the region. Thus, Mexico did not see a decline in U.S. influence. Brazil, on the other hand saw a decline in U.S. influence through closer economic integration with China. These factors are not explained mostly by power, but instead most accurately the combination of historical relationships and China's level of involvement in Mexico and Brazil.

If the premise of power transition theory was true, Mexico's relationship with the U.S. when China enters the picture should involve intense competition between the U.S. and China, but Mexico's concerns were with China instead of the United States. Brazil, while experiencing declining U.S. influence, is not worried about the strength of the United States relative to China as it diversifies its military sales, but regionally seeking to establish itself as a power player in the hemisphere on its own right.

AH₂: If there is increased Chinese presence in Latin America, then relations between Latin America and the United States will be improved.

Liberal theory predicted U.S. influence could benefit from Chinese involvement in the region assuming China integrated inside institutions that helped curb its behavior and create disincentives to influence competition that would lead to increased tensions or conflict in Latin America. Instead, China integrated with some of Latin America's institutions and one case China's presence caused a decrease in U.S. influence while one case showed an increase in U.S. influence. In the case of Brazil where the most regional institutional integration occurred with China, U.S. influence declined. In Mexico's case, it is more difficult to judge with the liberal argument because so little institutional integration between China and Mexico occurred especially when compared with the integration China made for Brazil. This is possibly explained because China understands how close Mexico is to the United States and did not see an opening to dislodge the country from U.S. influence.

AH₃: If there is increased Chinese presence in Latin America, then relations between Latin America and the United States will be negatively impacted as Mexico becomes more economically dependent on China.

Economic dependency comes the closest to describing how China's increased presence in the region will disturb U.S. influence. Based on the earlier discussion of China's motivations for foreign policy interactions in Latin America, this should make sense. China's main motivation for involvement in the region at its core is commercial. All other relations spring from that well. Both Brazil and Mexico's most important reasons for either losing or gaining economic influence after China's big involvement in the region is thus driven economics. Mexico remains tethered to the United States, while Brazil appears to drift away from America. But this is where economic dependency misses the mark, because economic might alone does not answer the question.

As discussed with Brazil's case, China's presence alone is not enough to make economic dependency. Each case requires that U.S. actions or inactions after China's involvement be considered. Mexico and Brazil's historical relationship must be analyzed

to see whether Chinese investment can actually dent American influence in the country. Upon looking at both, it becomes clear you need both U.S. relations and China's presence to create a critical juncture in Mexico and Brazil. Thus, economic dependency does not fully answer the question posed.

AH₄: Chinese presence in Latin America alone cannot explain changes in U.S. Latin American relations. Instead, those changes will depend on the way the United States, Latin American Countries and China view each other. And this identity construction often takes place at the domestic leadership level.

The main reason why the constructivist argument fails is because in the same way economic dependency only takes one piece of the answer to the question, the constructivist argument answers in the same way. The constructivist theory appropriately accounts for discussing how the countries view each other as a necessary component, but it fails to also prioritize China's heavy involvement as a key factor in the loss of influence. Again, both U.S. relations with Mexico and Brazil mattered and Chinese investment in the countries mattered. No argument that fails to account for both can be said to best explain the question as to how U.S. influence will respond to increased Chinese presence in Latin America.

C. POLICY RECOMMENDATIONS

Historical institutionalism does not argue inevitability, but merely suggests countries have increasingly limited choices the longer they interact together based on their past choices and choices off this path are very difficult to make. In that same way, the United States should take the cases used in this paper to heed a warning. U.S. relations with Mexico are more insulated from a growing Chinese presence in the region because of close, cooperative, and mutually beneficial relationship with the U.S. Nothing exemplifies the benefits of institutional integration than NAFTA. While some negatives were experienced through this policy as with all things, both countries benefited tremendously from the free trade agreement. U.S. relations with Latin America are arguably at a critical juncture where the equilibrium established by years of closer ties and thus institutional integration may change. That change may come from U.S. policy

shifts from an administration setting a different tone and by continued and increased Chinese influence in Latin America. This paper recommends the United States take the following actions in order to ensure continued U.S. influence in Latin America and potentially increased American influence in areas where it is been diminished: invest in Latin America more heavily with fewer conditions, expand military cooperation and sales, and treat Western Hemisphere allies more as equals politically.

1. Increase Economic Investment

Among the most impactful ways China is able to degrade countries with relations similar to Brazil relative to the United States is with its enormous investments in the Brazilian economy. As noted earlier, U.S. investments and FDI were strong, China's simply became stronger. This economic dominance potentially opens other doors in Brazil for China. If the United States wishes to remain dominant in a region so geographically and thus strategically important for American interests, it should refocus its attention to encouraging trade with Latin America more. In the same way President Clinton argued for what would become NAFTA based on America's growing desire for raw materials, America can increase this sort of supply through investing with Brazil more. Make American business more attractive than out of the hemisphere business. For years, Brazil has sought free trade agreements with the United States only to get half measure agreements falling short of its expectations. If the political will exists to change the current course of economic relations and bring Brazil back to greater trade relations with the U.S. relative to China, this is an absolute must.

2. Increase Military Cooperation, Sales, and Training

In the order specified above, it is imperative the U.S. increase military relations with Latin America and not allow an exogenous force the opportunity to permanently alter the balance of relations between America and Latin America. First, the United States must entice and then promote increased military cooperation with Latin American nations willing to do so. Already, for example, the United States covers most of the cost required for UNITAS participants when exercising with the U.S. Similarly, the United States can make sure engagements more enticing by adding other aid packages or special

perks for countries reluctant to join the exercise. Historically, many Latin American countries are weary of joint exercises with the United States due to the interventionist past of America. They fear joint exercises are the first step to joint military bases, and joint military bases being a step towards American occupation of their land. Mexico and Brazil both harbored these feelings and they both required some coaxing before they participated in joint exercises with the United States.

Once more exercises occur more frequently with more participants, America can show not only its technological might, but also advertise its equipment for the second phase of increased military engagement, military sales. Brazil wants to modernize its military and there is no better military to modernize with than with the most technologically advanced military. In this way, the U.S. should subsidize some purchases as our top notch equipment cannot deplete Latin American small defense budgets. The United States cannot be expected to integrate Latin American defense systems with U.S. defense systems if no one can afford to buy them. By making our equipment more attractive through exercises, then making them more available in competitive defense sales, the United States must then increase the training we provide our newly closer military allies. In U.S. equipment, Latin Americans can expect top grade material under these recommendations, but that requires top notch training in both operability and maintenance skills. I don't know any piece of useful gear the U.S. operates or sells that also does not require skilled operators and even more skilled maintenance people and procedures. Closer military integration means training our new military friends in these areas.

3. Increase Political Cooperation

A major complaint of top Latin American political players such as Brazil is their lack of power relative to their perceived importance. Whether America likes it or not, we should look to change the institutions we control in order to give countries like Brazil and Mexico and others who demonstrate the potential to help us shape our relations in the hemisphere. The best example of this reform is in the UNSC. Brazil and possibly Mexico both make strong arguments for a Latin American voice requiring representation on the

UNSC for permanency. This is not a piece of reform we should give lightly, but one we should show our sincerity to give. The United States gives up political capital to potential countries like Russia and China by constantly avoiding the conversation of UN reform with Latin America's most contributive powers. This paper does not argue this reform is without qualification. The U.S. needs to make clear its support of reform is contingent on closer political agreement and support for global issues. If Brazil and other Latin American countries want representation with greater responsibility, then they must act accordingly and meet the United States somewhere in the middle.

D. CONCLUSION

The thesis' focus was to understand the nature of China's presence in Latin America and understand how that presence changed U.S. influence in the region. Based on the information presented, the United States should feel both assured and alert. In the cases presented, I showed how important both United States relations and China's degree of investment are in determining whether U.S. influence will likely decline in a particular country in Latin America through historical institutionalism. So long as the U.S. considers Latin American regional stability critical to U.S. stability and U.S. influence as a stabilizer to that end, this question will need focus. This paper focused on studying both Brazil and Mexico's relations with the United States before and after China's entrance into the WTO. This design helped illustrate how things changed before and after China's heavy interaction with the region and whether the Chinese variable helped to change U.S. influence in these countries. My study shows where U.S. relations were strong, China's presence was not detrimental. Mexico exemplified this situation as post China entering the WTO, U.S. investments in Mexico increased as China's influence grew. No appreciable negative impact occurred there. In Brazil's case, poor U.S.-Brazil relations coupled with heavy Chinese influence served to strengthen China's position and diminish America's position primarily through economic importance.

While Brazil and Mexico are key cases to illustrate the importance of continued U.S. interest in the region, more research and discussion are still needed in this matter. This thesis requires a look at each country's bilateral U.S. and China relationship and

their level of investment to determine where influence is shifting at any period of time. Research using a similar before-and-after-China approach works when a singular event as important as China's WTO admittance in 2001 happens in a country of study. This type of research helps identify country that need more U.S. attention to either preserve U.S. influence or gain influence in a country where such is desired. This theory does not simply apply to Latin America, but every region of the world where the U.S. shares a strong bilateral history and seeks to maintain strong influence there. As the central hypothesis for this thesis argues, U.S. presence in a country can help shield from declining interests due to China, but it must match China's level of commitment in that country.

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